



**Unite Submission to
The Low Pay Commission Consultation on
Increasing the Minimum Wage**

June 2021

This has been submitted on behalf of Unite the Union
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Introduction

In 2018 Unite commissioned Landman Economics to carry out an analysis of the impact of the introduction of a £10 per hour NLW. Using three years of the Family Resource Survey (FRS) data (2013/14, 2014/15 and 2015/16) pooled together, the research from Landman Economics identified the positive impact that has resulted in increased employment for the workers exposed and vulnerable to exploitation.

The report from Landman Economics found that a £10 per hour would greatly benefit women and have a greater distributional impact in households with female workers and increase their earning potential so to save more and invest money in training and progression which in turn would allow them greater competitiveness in the labour market.

During the peak of the Coronavirus pandemic we consulted Landman Economics on whether, under the current economic circumstances, it would be economically viable to raise the NLW to £10 per hour. The response from Landman Economics was that although the pandemic will affect revenue streams in the short-to-medium term due to increased levels of unemployment, increasing the minimum wage will also stimulate consumer spending at a time when this is most needed, help businesses' bottom lines, and grow the economy. The increase would also improve worker productivity, and reduce employee turnover and absenteeism.

Furthermore, there is a case for an above inflation increase in the NLW/NMW given that NLW/NMW workers on furlough have not received the April uprates as many have been on 80% of NLW/NMW. It is Unite's experience that the majority of employers in the lowest paying sectors refused to top up furlough to 100%, which has meant that people on NMW/NLW have been underpaid. This is backed up by recent data from the Office of National Statistics (ONS) which found the number of jobs paid below the NMW and NLW in April 2020 *was higher than in previous years because of the number of furloughed employees, standing at 2,043,000 (7.2%) employee jobs*¹. These workers are more likely to be cash-strapped as the economy reopens and they move back into work.

When the Government announced the 2021 rise of 2.2% for the National Living Wage and National Minimum Wage, it boasted '*around 2 million of the UK's lowest-paid workers will benefit from an increase in National Living Wage and National Minimum Wage*', however there are 4.2 million low-paid workers in the UK on whom this pandemic has imposed the greatest cost, and for whom the efforts to combat the spread of Covid-19 have required the greatest sacrifice. Lower earners are three times as likely to have lost their job or been furloughed as high earners, and are more than twice as likely to do jobs exposing them to health risks.

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<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/lowandhighpayuk/2020>

Executive Summary

Unite is supportive of the Low Pay Commission's role in advising the Government on the rate of the National Minimum Wage/National Living Wage. In addition to submitting this written response, Unite has supported the LPC's evidence gathering sessions through organising workers in typically low paying sectors to participate in virtual evidence sessions with Low Pay Commissioners.

Unite is pleased that this year's consultation has been expanded to review exemption 57(3) which excludes migrant domestic workers from the NMW/NLW. Over the years Unite has been submitting evidence to the LPC on the issues facing migrant domestic workers and BAEM workers including a high proportion of women to illustrate their unique vulnerabilities in the labour market. These workers are disproportionately more likely than their white British counterparts to suffer exploitation, abuse, marginalisation and underpayment of NMW/NLW.

Unite has raised the following priorities:

- **Increasing the minimum wage:** The COVID-19 pandemic has further exposed wage inequality and its impact on the wider economy, society and public health. The lowest paid workers have been more likely to have been made redundant, had their hours reduced, missed out on government support during the pandemic and when furloughed they were more likely to have received 80% of their wages. Since 2018 Unite has been calling for the NMW/NLW rate to be set at £10 per hour as soon as possible. This rate was supported by research conducted by Landman Economics which found the rate would positively impact the economy and would result in increased employment and productivity for low paid workers and would have greater distributional impact in households with women and BAEM workers, increasing their earning potential allowing for greater competitiveness in the labour market. This year Unite has again consulted Landman Economics to ask if it would be economically viable under the current economic circumstances to raise the NMW/NLW to £10 per hour immediately. The response from Landman Economics was that although the pandemic will affect revenue streams in the short-to-medium term due to increased levels of unemployment, increasing the minimum wage will also stimulate consumer spending at a time when this is most needed, help businesses' bottom lines, and grow the economy. The increase would also improve worker productivity, and reduce employee turnover and absenteeism. Based on this, as well feedback from our members and a range of stakeholders, this year Unite is calling for £10 per hour immediately to be increased to £15 per hour as soon as possible. Furthermore, there is a case for an above inflation increase in the NLW/NMW given that NLW/NMW workers on furlough have not received the April 2020 and April 2021 uprates with many on furlough earning 80% of NLW/NMW. Unite maintains that low paid workers, many of whom were working in critical roles during the pandemic, should **not** suffer the burden of this crisis.
- **Continued COVID-19 financial support:** Government must recognise the difficulties certain sectors such as hospitality and tourism will face upon reopening by extending the Coronavirus Job Retention Scheme (CJRS) beyond summer 2021 so that financial protection is available not only for businesses taking infection control seriously by 'flexi-furloughing' employees whilst operating under reduced capacities but in the event businesses are forced by Coronavirus restrictions to temporarily suspend activities. All future support in particular on workers' pay must be conditional on employers providing secure contracts with a guaranteed minimum hours to all workers; utilising job sharing in an appropriate agreed way to keep as many workers in jobs as possible; improving working conditions and curbing excessive executive wages in larger corporations, demonstrating that public money is not being used to pay shareholder dividends.

- Covid support levy:** To future proof jobs from risks posed by this pandemic, we would be expecting large employers to bear some of the cost. In the hospitality sector Unite has called for a Covid Support Levy to be placed on large corporations which have profited from the pandemic. The Levy should be used to help fund an effective CJRS to assist vulnerable sectors, rediverting money back into the economy that would otherwise benefit shareholder dividends
- An average wage families can live on:** Work should be a route out of poverty, yet in-work poverty has been increasing year on year, which particularly impacts minimum wage earners, BAEM workers and lone parents, who are mostly women working in elementary occupations². The rise of in-work poverty betrays the positive developments brought in by the NLW/NMW and increased levels of employment. Continued reports of in-work poverty must be addressed and serious consideration must be given to a significant increase in the NMW/NLW. Unite understands that living costs are rising but there has also been a reduction in real wages for almost a decade and many people simply cannot afford to live on the wages that they get. Unite believes increasing the minimum wage to £10 immediately, rising to £15 as quickly as possible will help to ensure that workers and their families are able to achieve the secure foundations needed to flourish. With rising inflation and mass redundancies resulting from the Covid crisis Unite fears poverty will continue to increase to unprecedented levels should government support be removed from September 2021.
- Post-pandemic employment must be fair employment:** Cleaners, security guards, social care workers, food retail workers and many other groups of low paid workers have risked their health working on the frontline during the pandemic. Appreciation for their work as critical work must continue post-pandemic and this must be underpinned by secure employment and decent pay and working conditions. As we work towards economic recovery and adapt to the restrictions brought on by the coronavirus pandemic, unions and employers should continue to work together at sectoral level to agree workforce pay and development strategies, especially in sectors characterised by low pay and poor working conditions. As it did during the peak of this crisis, the Government must continue to engage with unions and employers in developing sectoral recovery plans, and should establish formal sectoral panels with representation from unions and employers for this purpose. Unite calls for new business models based on fairer employment relationships, a fairer share for workers of the wealth they create, with a higher minimum wage and new collective bargaining rights.
- A ban on zero hour contracts:** According to ONS figures, at the end of 2020 a record 978,000 people were recorded as being on “zero-hour contracts” in their main job, over 130,000 more than for the same period in 2018. In 2021 the number dropped to 857,000, possibly due to lockdown restrictions on businesses, but this is still a net increase of over 632,000 people on this type of employment contract since 2000³. Workers on zero-hour contracts are more than twice as likely to work night shifts and are paid a third less an hour than other workers. The proliferation of zero-hour contracts, bad jobs and economic insecurity has left a large segment of the population struggling, living hand to mouth and not knowing if they will have enough money to pay their rent and utilities or even have food to eat. Unite calls for an end to the one-sided flexibility of zero hour contracts. All workers should have an employment contract that reflects an individual’s normal hours of work, a statutory minimum contract of at least 16 hours, and a day-

² Joseph Rowntree Foundation: UK Poverty report 2021. [Link](#)

³ ONS Dataset: People in employment on zero hours contracts. Release 18th May 2021. [Link](#)

one right to a written statement setting out pay and conditions. There should also be a right to reasonable notice of shifts, and payment if shifts are cancelled. This would make flexible working arrangements fairer and protect workers from one-sided and exploitative practices.

- **Tackling the equality pay gap:** Unite is concerned about the patterns of wage inequality which disproportionately impact women and BAEM workers. Black, Asian and ethnic minority workers are disproportionately represented in low paid and insecure work, they face higher levels of unemployment and racism at work. The coronavirus pandemic has further exacerbated and exposed these inequalities. Unite recognises the positive role of the level of the NMW in addressing pay inequality gaps, but remains concerned about the discrimination and lack of progression of BAEM workers and calls on the Government to legislate to tackle ethnic disparities in the workplace by introducing mandatory ethnicity pay gap reporting for all employers and a requirement to take action to close it. Unite has also campaigned for and supported the TUC's action to highlight the disability pay gap which also requires equivalent reporting and action to close it⁴.
- **Women in low pay:** Unite recognises that more women are in employment than ever before, but is also aware that women (as well as BAEM and disabled workers) are more likely to be trapped in lower paid work and to suffer unequal pay gaps, poverty and income loss from austerity. It is commonly cited that women 'choose' these jobs because of flexibility which allows them to fulfil caring responsibilities that they just can't find in better paid roles. But women should not be financially penalised for having children, they should be supported so that they and their families can progress out of low pay. The report from Landman Economics which accompanied our 2018 submission found that an increase to £10 per hour would greatly benefit women and have a greater distributional impact in households with female workers and increase their earning potential to save more and invest money in training and progression which in turn would allow them greater competitiveness in the labour market. Women, who account for 82% of social care workers, have been on the frontline in this pandemic and Unite has called for fair and transparent policies for furlough pay and top up, backed up by equality impact assessment and equality audits.
- **Ending wage inequality for younger workers:** Unite welcomes the Low Pay Commission's recommendation to lower the age threshold for the NLW to 21 and over by 2024. However we believe that the UK should move towards a position where workers are not discriminated against on the basis of age, but are paid the rate for the job. Unite calls for the rate of pay for all workers to be set at £10 an hour immediately rising to £15 as soon as possible.
- **Quality apprenticeships and quality pay rates:** Unite supports apprenticeships as a positive route into employment. Unite calls for proper terms and conditions which include a minimum rate of pay in line with the NMW. Unite is concerned that the apprenticeship scheme is still being used by some unscrupulous employers as a way to save on their wage bill rather than providing quality apprenticeships. Unite calls on the Government to end a loophole in the apprenticeship levy which has allowed some employment agencies and other unscrupulous operators to pass the levy onto its workforce. Many apprentices are being left with non-transferable qualifications. Unite strongly believes that as part of overall quality control and auditing of an apprenticeship, there should be a statutory obligation upon the Training Provider to check that apprentices are

⁴ ". <https://www.tuc.org.uk/research-analysis/reports/disability-pay-and-employment-gaps>

fully receiving at least remuneration to the statutory minimums. Unite again calls for the apprentice rate to be set at the NMW commensurate with their age as a bare minimum.

- **Rights of access for trade unions:** Trade unions are at forefront in the fight for better wages, parental rights, holidays, sickness pay and stopping discrimination. With nearly 6.5 million members in the UK, trade unions are our largest voluntary and democratic organisations. Trade unions are on the frontline every day, fighting poverty, inequality and injustice, and negotiating a better deal for working people. The UK has the most restrictive trade union laws in Western Europe. A barrage of anti-trade union legislation over the past decade has meant that workers have found their ability to organise and take industrial action to challenge these injustices greatly restricted. Both the law and the employment culture in this country place little emphasis on workplace protection and do little to support or respect it. In the hospitality sector our union representatives are routinely thrown out of workplaces. This is a violation of Article 11 of the European Convention of Human Rights which provides that everyone has the right to form or to join a trade union for the protection of his or her interests. The current trade union laws allow employers to infringe workers' freedom of association. Unite demands that the Government take action to strengthen trade unions' access to workplaces.
- **Sectorial collective bargaining:** In 1975, 84 per cent of workers were covered by collective bargaining and 64 per cent of the national income went to workers. It's no coincidence that while union strength and collective bargaining fell, inequality rose sharply. Unions are central to recalibrating our economy to ensure it delivers for the majority. We see a union premium in all our pay deals. Workplaces with strong trade unions based on the power of the collective are safer, more equal workplaces. Unite calls for sector wide collective bargaining along with proper employment protection to help address undercutting and exploitation in labour markets and the unfair treatment of migrant workers and agency workers. If we are to transition away from a low-wage, precarious economy, increasing the collective bargaining power of our workers is critical. Additionally, modern wages councils for low paid sectors should be part of the Government's Industrial Strategy (or whatever replaces it following the abolition of the Industrial Strategy Council) and the LPC should have a role in bringing sectors together.
- **Trade union facilities:** All workers should have access to a trade union and the right to full trade union representation at work. This access should be free from employer surveillance, and the fear of intimidation should not prevent workers from speaking to a union. Unite calls for a revision in the legislation for dealing with trade union facilities, so that trade union representatives in the workplace have the time, space, resources and powers to carry out their duties rights which Unite is calling to be extended to union equality representatives. The right of workers to be accompanied by a trade union representative must be enforced and maintained.
- **Collective grievances:** The law as it stands runs contrary to the fundamental right to Freedom of Association as it seems to suggest that workers can only effectively freely associate in order to pursue minimum wage or employment law matters directly with their employer if there is a collective bargaining agreement in place. Without this they are left in the vulnerable position of being forced to individualise every complaint. Unite would like to see a situation whereby a trade union can make a representative action on behalf of a group of workers to an employment tribunal. Unite believes this can be addressed by means of an amendment to the primary legislation and the accompanying ACAS Code of Practice to allow for collective grievances and representation to recognised in law.

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- **Ending exploitation of vulnerable workers:** The tied domestic worker visa fosters an environment for exploitation. Many domestic workers are being wrongfully denied the minimum wage and are being exploited in domestic servitude. Domestic workers are not only subject to non-compliance of the National Minimum Wage and Working Time Directive, but highly exposed to verbal, physical and sexual abuses. The modern slavery risk of domestic workers in private households has dramatically increased during the Covid-19 crisis. Unite calls for better safeguarding of domestic workers and tough penalties for employers who abuse their domestic workers indiscriminative of workers' immigration status. Unite believes migrant domestic workers should have the right to leave their employer without prejudice from draconian immigration policies. Unite calls for the removal of Section 57(3) from the NMW Regulations Act 2015 which is wrongfully used to exempt migrant domestic workers from NMW regulations. Migrant domestic workers are not family members as the Overseas Domestic Workers Visa makes clear. Unite also call on this Government to do the right thing and ratify ILO Convention 189, for decent work for domestic workers.
- **Enforcing the minimum wage:** Enforcing the minimum wage requires collaboration between the relevant enforcement bodies, HMRC and GLAA, and trade unions. Enforcement agencies alone cannot effectively 'police' against labour abuses. Improving trade union access to workplaces will ensure that unions will be able to inform individuals of their rights and, critically, ensure that those rights are enforced. Trade union representatives save both time and money by improving workplace relations and enforcing best practice. Unite calls for the reinstatement of the important tri-partite nature of the GLAA. Unite recommends reinstating trade union representatives on the governing body of GLAA and other enforcement agencies to ensure a direct worker voice and good governance. Unite believe this would also restore the ability for workers to report concerns about compliance with NLW and NMW directly to other stakeholders and to the GLAA staff and managers responsible for enforcement and operations, and, as such, disrupt exploitative practices. In relation to the introduction of a single enforcement body Unite is concerned joint working between labour inspectorates and immigration enforcement will undermine the efficacy of UK labour market enforcement with regard to migrant workers, who are more vulnerable to being exploited at work.
- **Increasing the resources of enforcement agencies:** Last year's LPC *Non-compliance and enforcement* report stated almost half a million workers underpaid the NMW with an additional two million employees miss out on holiday pay⁵. While Unite supports the coordinating role of the DLME, we oppose the creation of a single enforcement body made up of already under resourced GLAA, HMRC NMW enforcement, and the Employment Agency Standard Inspectorate. Unite is concerned the focus of the body will be diverted away from enforcing labour rights to the service of an anti-immigration agenda, with no firewall or 'safe reporting' mechanisms to prevent workers who report labour abuses from becoming criminalised due to their immigration status. Two years on from the proposal of changes to enforcement, there is no clear time frame to the implementation of the new system of enforcement. Neither has there been any announcement of extra funds to better resource enforcement. Unite recommends that the Government commits

⁵ Low Pay Commission report: Non-compliance and enforcement of the National Minimum Wage. May 2020.

[Link](#)

to making substantial increases to current funding for monitoring and enforcement of the NMW, especially needed now that a single enforcement body is being introduced. Unite also recognises the urgency of enforcement in high risk sectors such as the hospitality, warehousing/logistics, cleaning, agriculture and food production industry.

- **Extend the remit of LPC:** The gender pay gap reports have demonstrated the concentrations of women in lower paid areas. Unite again repeats its call for the LPC to have its remit widened beyond advising on the rate of the NMW and look at the causes and consequences of low pay and making recommendations to the Government. Areas of investigation should include the gender pay gap and other equality gaps. The remit of the LPC should be extended to include a long term role – investigating the causes and consequences of low pay.

1. About you

Unite is the UK and Ireland's largest trade union with over 1 million members across all sectors of the economy including manufacturing, financial services, transport, food and agriculture, construction, energy and utilities, retail, information technology, service industries, health, local government and the not for profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.

Unite is pleased to submit evidence to the LPC on its further review of the 2022 rate of NMW (including NLW). Unite considers the establishment of the NMW to be one of the most important successes of the former Labour Government. Its introduction and subsequent increases have not had any adverse effects on the labour market, whilst it has benefited millions of low paid workers.

2. Economic outlook

Q. What are your views on the economic outlook and business conditions in the UK for the period up to April 2022? We are particularly interested in:

- **The conditions in the specific sector(s) in which you operate.**
- **The prospects for economic recovery from the effects of the Covid-19 pandemic.**
- **The effects of Government interventions to support the economy and labour market.**
- **The current state of the labour market, recruitment and retention.**
- **Your experience of wage growth and inflation in the last year, and forecasts for the next couple of years.**

The latest headline labour market figures suggest the Covid-19 pandemic and subsequent lockdown have had a limited impact on jobs⁶, which may be attributed to the CJRS which was set up to protect jobs during the peak of the Coronavirus crisis. However, despite the scheme, employment numbers have

⁶ TUC: Labour market on red alert. 16th June [Link](#)

dropped by 600,000 during the lockdown period March to May⁷ and Unite is receiving almost daily announcements of job losses in sectors such as manufacturing, aviation, hospitality, warehousing, retail and construction. It has also been the case that Unite has successfully averted a significant number of redundancies through negotiating deals with employers across these sectors.

In terms of pay deals, Unite has seen some pay bargaining suspended due to the pandemic and research from XpertHR found many employers cancelling or deferring 2020 pay awards, while others had introduced pay cuts. Among the pay deals recorded by XpertHR for the current three-month period, 15.2% resulted in a pay freeze⁸. According to the latest Labour Research Department (LRD) report from its Payline database, the median increase on the lowest pay rates for the three months from February 2021-April 2021 was 2.0%⁹. Unite has also seen many employers across the food production sectors awarding bonus payments in recognition of hard work during the pandemic.

The furlough scheme has enabled many employers to save on their pay bills and employers in retail have received significant tax breaks, as was the case with Tesco who received a total £585 million through business rates breaks while simultaneously paying shareholder dividends of up to £635 million and awarding a two month 10% bonus to workers¹⁰.

Hospitality and tourism

The hospitality and tourism sector is the third largest employer in the UK & Northern Ireland creating one in six of all jobs. Pre-pandemic the sector employed 6 million people¹¹, 8% of the UK's workforce. Figures for 2019 put the economic output of the hospitality sector at £59.3 billion, corresponding to around 3% of total UK economic output¹². The value of the sector to the economy is even larger when we consider its impact on wider supply chains, including food production, transport – such as taxis – the creative arts and the events industry. Very necessary infection control measures and restrictions on trading have disproportionately impacted hospitality businesses, with economic output 91% below pre-pandemic levels. According to the latest JRF UK Poverty report, four in five (81%) of people working in hospitality and leisure had been negatively impacted financially by the pandemic, compared to just 16% per cent of those in financial services¹³. The impact of the pandemic has been largely passed on to workers and Unite has found the response from a significant section of employers to be knee-jerk redundancies, lay-offs for undefined periods of time and cutting of pay and working conditions through the ever increasing use of 'fire to rehire'.

Pre-pandemic, despite the continued growth, the industry has lagged behind many other sectors in terms of fair employment practices. In April 2020, workers in the sector earned a median hourly rate of £8.72, compared to £13.65 for all workers in the UK. The Resolution Foundation reported that in 2019, 52% of workers in the hospitality sector were 'low paid', compared to 15% of all workers¹⁴. Precarious working conditions and exploitative practices are endemic in the sector where 43% of the workforce is employed on a part-time basis; 11% on a temporary basis; 25% of employers use zero hour contracts (three times

⁷ ONS: Labour market overview, UK: June 2020 [Link](#)

⁸ XpertHR Press Release, 23 June 2020

⁹ LRD: Latest pay settlements, June 2021. [Link](#)

¹⁰ The Guardian: *Tesco defends £635m dividend payout after coronavirus tax break.* [Link](#)

¹¹ UK hospitality:

https://cdn.ymaws.com/www.ukhospitality.org.uk/resource/resmgr/2019/documents/general_election/UKH_Infographic_and_summary.pdf

¹² Gross Value Added (GVA) from ONS, GDP output approach - low level aggregates, Sept 2020

¹³ JRF: Poverty in the UK report 2020/2021. [Link](#)

¹⁴ Resolution Foundation, Low Pay Britain 2020

higher than the national average of 9%¹⁵). Unpaid trial shifts, pressure to opt-out of working time rights, unpaid overtime, sexual harassment and unfair tipping practices are issues quickly becoming the norm for a majority of the workforce in this sector.

Reflecting on the Union's involvement and campaigning over the past twelve months, we can report that these exploitative practices are being intensified by the impact of the pandemic. There are now several well-reported cases of workers being forced onto inferior terms and conditions of employment in the face of threats of redundancies. For example Luxury hotel group, Radisson Edwardian, recently cut hours and pay and dismissed staff who refuse to sign the new terms. Below is what Radisson Edwardian asked staff to sign.

- 20% reduction in salary
- 50% reduction in contracted hours
- Right of the company to lay off staff without pay or place workers on less hours (which have already been significantly reduced) without notice or consultation.

- Those who did not sign were issued notice. Those who did not sign by the end of the notice period were dismissed.

“Under the new T&Cs, the change in pay will mean a 20% reduction on my salary. Radisson will only guarantee 50% of my contracted working hours. Basically under these new terms and conditions my contract of employment will pass from a full-time employment contract to a part time employment contract.” – Unite member working at Radisson Edwardian

“I disagreed with the lay off and short time working clause. I pointed out that if the clause were in accordance with the (ERA) employment right act under section 148 – 154 then I would agree. But I would not give a "carte blanche" that would mean that I can be laid off whenever or for whatever length of time by Radisson Edwardian.” - Unite member working at Radisson Edwardian

Eat out to help who?

As workers in the sector held out for government support and Unite campaigned for a sector specific package of support from the Government such as the billions of pounds which were offered to transport operators^{16, 17}; restaurant workers, hotel staff, pub workers and many others in the beleaguered hospitality and tourism industry were hopeful that Chancellor Rishi Sunak would announce substantive measures of support for a sector on its knees. What transpired under a scheme which proposed to support the “1.8 million people work in this [hospitality] industry,” was a token gesture from the Government at the expense of the tax payer which existed for a mere 17 days aptly named ‘Eat Out to Help Out’ (EOTHO).

As small hospitality businesses struggled, big chains such as McDonalds and Wetherspoon's benefited while workers who had lost their jobs or had their pay and conditions cut during this crisis by opportunistic employers, could not afford to “eat-out” at all. This while the country struggled with the uncertainty of whether the furlough scheme would be extended.

¹⁵ ONS Labour Market Overview 2019

¹⁶ <https://www.gov.uk/government/news/further-33-million-covid-19-support-funding-announced-for-light-rail-and-trams-in-the-north-and-the-midlands>

¹⁷ <https://lordslibrary.parliament.uk/coronavirus-support-for-the-transport-sector/>

Resultantly, the scheme failed to prevent redundancies while those who remained in work were forced to accept cuts to pay, zero-hours contracts and the decimation of their terms and conditions.

“If anything, the scheme will only contribute to the profit margins of large restaurant chains such as Pizza Express and the Casual Dining Group. It is an insult to our members if the Chancellor truly believes that his scheme will benefit workers who desperately need real action from the Government.”
– **Dave Turnbull, Unite National Officer for the Hospitality sector.**

Although the scheme was utilised over 100 million times and generated over £522 million, a total of £849 million was claimed¹⁸. The scheme had a limited effect on the sector as the short-term benefits proved to be ‘short-lived’ and unsustainable¹⁹. Research conducted by the London School of Economics’ (LSE’s) Centre for Economic Performance (CEP) which evaluated the EOTHO scheme found no knock-on benefits to other businesses from people taking advantage of the scheme and found only 1% uptake of the scheme by businesses in any particular area increased the number of visitors to restaurants, pubs and cafes in that area by 0.23% and increased the number of customers by 5-6% across the UK in August 2020, but this did not last once the scheme had ended²⁰.

While the overall the number of adverts for jobs in restaurants and cafes rose by 7-14% over the duration of the scheme²¹. Moreover Katharina Ziegler, report co-author, stated that evidence from other research indicated the increase in footfall due to EOTHO had an adverse effect on new Covid-19 cases, *“thus, any economic gains from the scheme may have come at the cost of more infections.”* In all the scheme could be summarised at best as an expensive gimmick and at worse a false economy with public health implications.

With respect to the CJRS and additional business support initiatives, it is Unite’s view that access to public funding under such schemes should have been conditional on the actual retention of jobs and engagement with government and unions on improving working conditions. Many of the largest operators in the hospitality sector (such as IHG) have been abusing CJRS to reduce their labour costs, covering 80% of statutory and contractual notice pay for what Unite believes to be opportunistic redundancies, rather than its intended purpose of retaining jobs. Many more companies in the sector have refused to use CJRS or ceased its use (such as Hastings Hotels in Northern Ireland), using the additional contribution requirement and uncertainty around extensions to shirk their responsibilities towards their largely casualised and low paid workforce.

As we ‘build back better’ Unite calls for an industrial recovery strategy for the sector which puts the interests of workers at the forefront and challenges the lack of accountability from employers which has

¹⁸<https://www.ons.gov.uk/economy/inflationandpriceindices/articles/priceseconomicanalysisquarterly/october2020>

¹⁹ <https://www.lse.ac.uk/News/Latest-news-from-LSE/2021/b-Feb-21/Eat-Out-to-Help-Out-scheme-had-a-limited-effect-on-the-UK's-restaurants-and-cafes>

²⁰ Centre for Economic Performance: Covid-19 Analysis Series - Recovering from the first Covid-19 lockdown: Economic impacts of the UK’s Eat Out to Help out scheme. Feb 2021. Link <https://cep.lse.ac.uk/pubs/download/cepcovid-19-018.pdf>

²¹ Centre for Economic Performance: Covid-19 Analysis Series - Recovering from the first Covid-19 lockdown: Economic impacts of the UK’s Eat Out to Help out scheme. Feb 2021. Link <https://cep.lse.ac.uk/pubs/download/cepcovid-19-018.pdf>

become more acute during this pandemic. Unite believes a Hospitality Commission should be set-up to include workers' representatives as well as government, employers and trade bodies to oversee a strategy of recovery that shifts hospitality away from its status of low-paying, insecure employment with endemic sexual harassment, towards terms and conditions, pay, health and safety, training and security fit for the 21st century in the world's 6th richest nation.

Many workers, already disgracefully low paid, have had to survive on 80% of the NMW for the best part of 12 months. This has led to increasing debts and other huge financial burdens – as many workers relied on service charges and tips to supplement their low pay.

Going forward, if we continue to suffer restrictions due to the pandemic, the Government must act to increase financial support to workers ensuring no worker falls below the NMW/NLW. This should be further extended to those returning to work on reduced hours to ensure workers continue to receive at least 80% of their wage (including tips), or the national minimum rate, whichever is the higher of the two.

All future financial support must be conditional on employers:

- Providing secure contracts with a guaranteed minimum and maximum number of hours to all workers on their payroll within the last three months.
- Utilising job sharing to keep as many workers in jobs as possible rather than overburdening some staff and laying off the rest.
- Engaging with trade unions and workers' representatives to improve working conditions.
- Curbing excessive executive wages in larger corporations, and demonstrating that public funding is not being used to pay shareholder dividends.

In addition, Unite recommends the Government should urgently design a Covid Support Levy to help fund an effective Coronavirus Job Retention Scheme, redirecting money back into the economy that would otherwise benefit shareholder dividends. This levy should be placed on large corporations that have profited from the pandemic and used to assist vulnerable sectors, including hospitality.

A recovery that places workers at the centre will require steps taken to ensure improvements in the pay, conditions and culture of the sector. With this in mind Unite has produced a Fair Hospitality Charter to articulate the demands and aspirations of the majority of workers across Hospitality and Tourism which includes a real living wage of £10 per hour immediately rising to £15 per hour as soon as possible.

Labour shortages in the sector

Delays to the extension of the Coronavirus Job Retention Scheme (CJRS), redundancies, termination of casual contracts and lay-offs have resulted in the sharpest impact on jobs of any sector with up to 650,000 job losses in 2020^{22,23}. Conservative estimates report that between January-March 2020 and July-September 2020 the number of workers in the hospitality sector fell by 6% (147,000)⁵. The level of job losses is hard to estimate with the impact of hidden job losses through short service dismissal, zero-hours and those now underemployed on precarious contracts. Over the past year average actual weekly hours

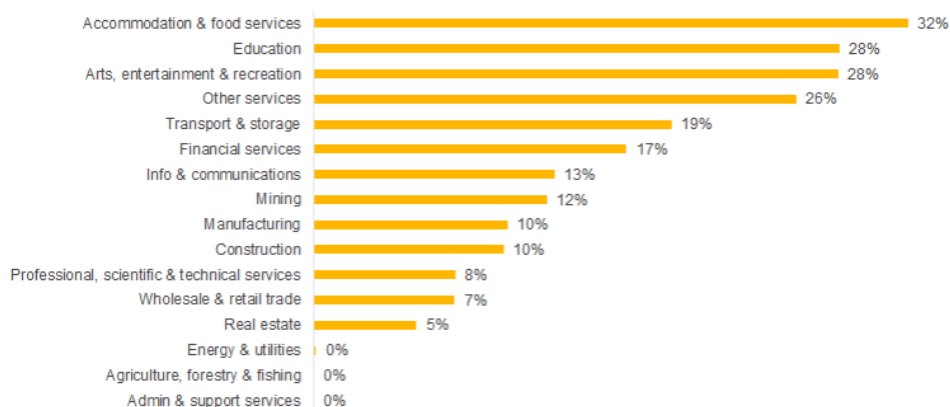
²² Fourth Report 2020: <https://www.thecaterer.com/news/hospitality-job-losses-650000-fourth>

²³ Nb: job losses are not a representation of the number of people employed in the sector, as many individuals hold more than one job in this sector

fell to 13.0 hours; this is a fall of 54% from the same quarter a year previous. In comparison, average hours for all workers in the UK fell by 20% over the same period²⁴.

Arguably the hospitality and tourism sector has been one of the hardest hit sector during the pandemic and although in the short term the CJRS provided some security for many employed in the sector, there has not been enough targeted support from the Treasury for workers in the sector. Analysis of the furlough scheme by Price Waterhouse Cooper (PwC) in June 2020 indicated 32% of furloughed workers in the hospitality sector were at risk of redundancy by the end of 2020²⁵.

Proportion of furloughed workers by sector at risk of redundancy by the end of 2020 Q2:



Source: PwC July 2020

The analysis goes on to recommend that businesses could mitigate the risk redundancies ‘in a number of ways to retain workers, such as reducing pay or hours to reduce wage costs’²⁶. However, Unite strongly rejects this view which places the burden of the economic crisis on the lowest paid and most precarious workforce who have already endured significant financial losses throughout this pandemic. Furthermore, as with other sectors in our industry, the impact of Brexit and the end of free movement of workers has created sector-wide labour shortages²⁷. A recent UK Hospitality survey of hospitality businesses identified a shortage 188,000 workers²⁸.

According to Unite research, 48% of hospitality workers say they will look for work in a different sector post-pandemic. Post-Brexit freedom of movement restrictions and the new immigration points based system will continue to exacerbate the staffing crisis and skills shortages in the sector. The industry could quickly be heading towards a skills and employment crisis, particularly in face of many new openings of venues and hotels planned across the country. ‘Barista visas’ and the rollout of potentially low-paid and exploitative apprenticeships is not the way forward. **Unite calls for any visas issued for jobs in the**

²⁴ ONS, Labour Market overview December 2020, Dataset HOUR03: Average hours worked by industry, 15 December 2020

²⁵ <https://www.pwc.co.uk/press-room/press-releases/uk-labour-market-remains-under-pressure-certain-sectors-will-require-further-interventions-to-protect-jobs.html>

²⁶ <https://www.pwc.co.uk/press-room/press-releases/uk-labour-market-remains-under-pressure-certain-sectors-will-require-further-interventions-to-protect-jobs.html>

²⁷ <https://www.theguardian.com/business/2021/may/31/severe-staff-shortages-hit-uk-hospitality-venues-amid-huge-rise-in-bookings>

²⁸ BBC News: ‘Hospitality ‘struggling to fill thousands of jobs’. 28th May 2021, accessed 30th May 2021. [Link](#)

sector to be conditional on pay rates of at least that of the real living wage and guaranteed contractual hours.

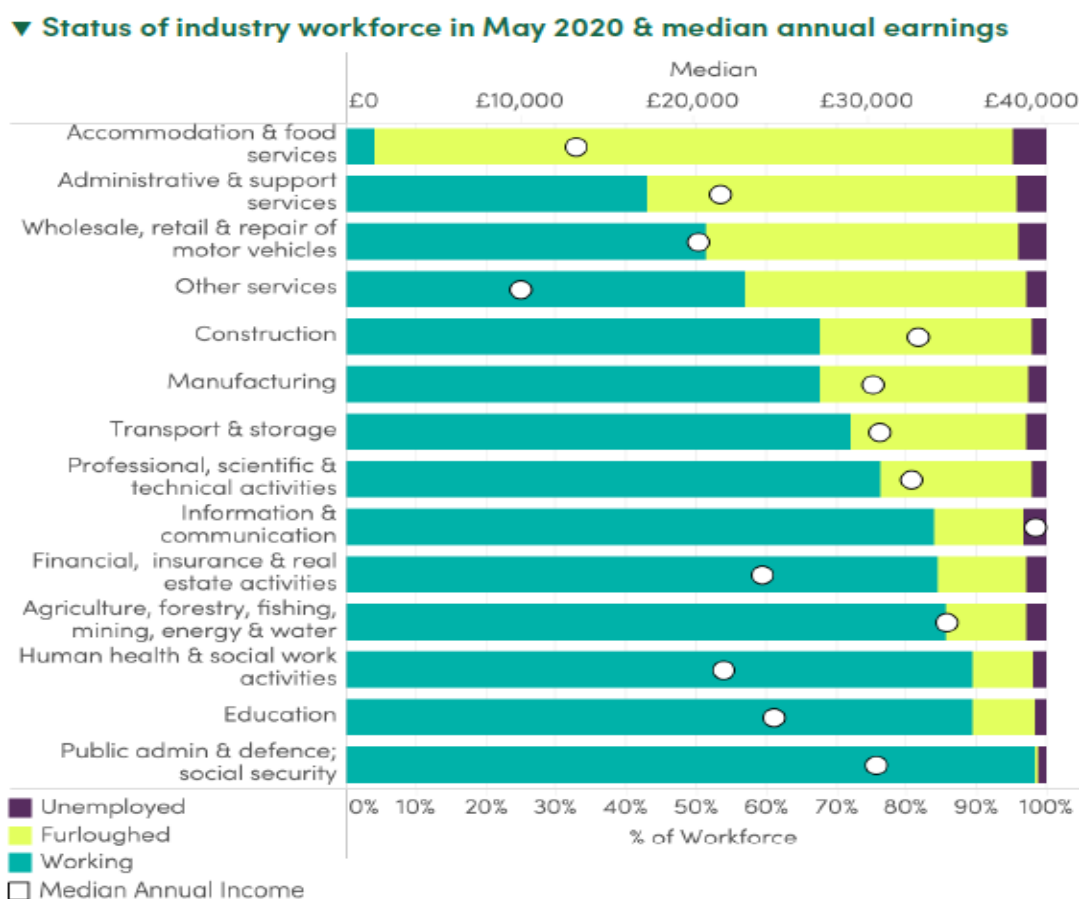
The Government must work with Unite’s proposed Hospitality Commission to establish a plan to retrain workers who lose their jobs to ensure they do not face long-term unemployment, the effects of which are yet to be felt. It is clear that the Kickstarter scheme is not fit for purpose, as has been shown in the table below 60 of the 1260 placements were allocated to hospitality workers.

Sector	Sum of Number of Uploaded Vacancies to Universal Credit System	Sum of Placements Started
Administration	8120	790
Animal Care	170	10
Beauty & Wellbeing	200	20
Business & Finance	1250	70
Computing, Technology & Digital	2600	270
Construction & Trades	1240	70
Creative & Media	2350	320
Delivery & Storage	1080	80
Emergency & Uniform Services	10	0
Engineering & Maintenance	840	60
Environment & Land	530	10
Government Services	40	0
Healthcare	1900	130
Home Services	230	10
Hospitality & Food	1620	60
Law & Legal	80	10
Managerial	250	20
Manufacturing	1020	80
Retail & Sales	5540	1210
Science & Research	160	10
Social Care	1190	40
Sports & Leisure	590	50
Teaching & Education	1800	110
Transport	140	0
Travel & Tourism	60	10
Grand Total	33010	3440
<p>*These Numbers are rounded to the nearest 10. Vacancies Uploaded to UC system include 1,000 non-grant funded vacancies. Starts include approx. 700 non-grant funded placements</p>		

A hospitality training programme should be established focused on upskilling the industry, creating new quality jobs with guaranteed hours and allowing workers a higher level of qualification than that with which they entered, equipped with skills with a real value to our present and future economy, both inside and outside this sector. Such a scheme would allow workers and employers to take advantage of a downturn in trade to re/upskill with financial support.

Pay conditions in the sector

The latest Joseph Rowntree Foundation report has found 51% of hospitality and leisure sector workers have had their hours and pay reduced and 17% have lost their jobs during the pandemic²⁹.



Source: ONS Labour Market Statistics, ASHE 2020 & HMRC CJRS Data

The latest research from Incomes Data Research (IDR) on pay in the retail sector during the pandemic (for 2020) has identified pay awards in food retail, helped set the median pay award in the sector to 2.5% with the trend continuing in 2021 with nearly a third of pay awards in retail and wholesale being worth 3% or more³⁰.

Retail, hospitality and leisure accounted for the majority of people returning to work in April 2021. Unemployment has fallen back to 4.9%, and many employers in the sector are reporting difficulties hiring workers³¹. Labour shortages are driving up wages in hospitality by 14% and average hourly pay for weekend shifts across pubs, restaurants and bars now 9% more than during the same period in 2019,

²⁹ <https://www.jrf.org.uk/report/uk-poverty-2020-21>

³⁰IDR: Pandemic leads to a varied landscape for retail pay. June 2021 [Link](#)

³¹ https://www.theguardian.com/uk-news/2021/jun/07/low-paid-uk-workers-most-at-risk-of-losing-jobs-when-furlough-ends?CMP=Share_iOSApp_Other

additionally weekday pay rates have risen 5% which is far greater than the 1.8% increase we have seen in NMW since 2019³².

Perversely, the pandemic has provided an opportunity to reshape the world of work, improving pay and working conditions of the lowest paid which would include bolder rises to NMW/NMW accompanied by contracts which reflect regular hours of work and overall improved terms and conditions.

Agriculture

Agriculture makes up just 0.5% of UK GDP and subsidies³³. The sector has been reliant on subsidies from the EU Common Agricultural Policy (CAP) receiving £3.5bn per year in CAP funding³⁴. CAP payments make up 80% of direct farming income³⁵ which covers among other things, staff costs. As the UK begins to phase out the EU Common Agricultural Policy and the funding provided under this to UK farmers, it is too early to assess the new Environmental Land Management scheme being introduced by the Government with a strapline of '*public money for public goods*'³⁶ which promises to fairly reward farmers according to productivity and 'green initiatives' and maintain the same level of overall farm support given under CAP³⁷. Public good should include decent wages and the 'reward' should be extended to employers who provide decent pay and working conditions.

If the new funding system is truly focused on rewarding and encouraging productivity, it must improve pay and working conditions for agricultural workers. Unite has repeatedly called for the industry to urgently review levels of pay for agricultural and horticultural workers, as well as addressing particular concerns over accommodation.

The impact of Brexit has also exacerbated labour shortages in the food production and agricultural sector due to the fall in value of sterling and a more hostile climate for migrant workers. Subsequently, there are increasing levels of labour shortage in the sector³⁸ which will not be resolved by industry-specific apprenticeship schemes and automation. T Level apprenticeships for agriculture, environment and animal care are not due to be rolled out until September 2023 and Unite has criticised this scheme for benefiting employers rather than addressing the training needs of workers.

Since the abolition of the Agricultural Wages Board in 2013, English agriculture workers (unlike those in Wales and Scotland) have no statutory protection for their pay and working conditions.

"Following a shamefully short consultation in 2010, the Coalition Government abolished nearly a century of protection of agricultural workers in England - while protection remains in Scotland, Wales and Northern Ireland. As the union of agricultural workers, Unite campaigned hard - not just to defend minimum pay, progression opportunities and conditions of agricultural and horticultural workers, but to

³² Big Hospitality: *Staffing crisis 'drives up' hospitality wages*. 22nd June 2021. [Link](#)

³³ DEFRA: *Agriculture in the United Kingdom*. 2019. [Link](#)

³⁴ <https://commonslibrary.parliament.uk/brexit-next-steps-farm-funding-in-2020/>

³⁵ Ibid

³⁶ <https://www.instituteforgovernment.org.uk/explainers/common-agricultural-policy>

³⁷ <https://commonslibrary.parliament.uk/brexit-next-steps-farm-funding-in-2020/>

³⁸ https://www.sustainweb.org/foodandfarmingpolicy/farm_pay_and_working_conditions/

defend rural communities as a whole, and to ensure workers' voices are fairly and effectively represented at the collective bargaining table. Unite has monitored the serious impact of abolition, both on pay and conditions, and on the removal of a collective voice for the workers themselves through their union. Self-regulation in the sector has failed. Unite strongly welcomes the focus from Sustain on the 'race to the bottom' down the food supply chain, and the call for a new collective bargaining body for agricultural workers. Food security is essential to us all, and Unite is clear, we need safe healthy food and high quality jobs."

– Diana Holland, Unite Assistant General Secretary, Food Drink and Agriculture, Transport and Equality

Lack of government concern for agricultural workers has meant those employed in the agricultural and food production sectors are earning poverty pay and are in insecure jobs. Despite being hailed as key workers for the vital role they play in feeding the nation, many are unable to earn enough to confidently put food on their own table.

Unite has collected the following evidence from our members in the agricultural sector:

Holiday pay

Unite branch officials have told the union underpayment of holiday pay is widespread in the sector, affecting many farm workers and seasonal workers, this mostly affects agency workers, particularly if they are migrant workers unfamiliar with UK laws. Unite is aware of a large contractor who undertakes work in agriculture and other sectors who has not been paying holiday pay based on average earnings to employees since 2014, rather the contractor who employs 70-100 workers, basis holiday pay on basic pay. Here the lost holiday pay is equivalent to at least a week's wages for the employees, every year, because they all work overtime of about 8 hours a week. The Unite branch secretary has tried to follow this up, through the phone line run by ACAS, but has always found it engaged. The holiday pay issue is to be pursued through Unite legal services. One of the company directors was also a director of another company with 44 employees before it collapsed. Administrators said the company owed nearly £50,000 in wage arrears and holiday pay claims to its former employees.

Contractors, underpayment, and young workers

Unite has received concerns from a union rep in the agricultural sector that there is a major issue in his area with contractors using young people to drive tractors. Typically the young workers are finishing agricultural college and don't yet have a secure job. The work tends to be seasonal, for example silaging maize or grass. One of the rep's young relatives who did this work described it as "cowboy stuff". The young workers are teenagers, aged 17-19; they are casually employed; they have to negotiate their own rates so their pay is highly individualised and may not be compliant; as young workers without overtime pay, they work long hours to earn enough money to just get by and Unite is concerned over the impact of long hours and lack of experience on health and safety.

Anti-trade union employers

Examples of rural employer hostility to union reps include:

- A former union rep could not have his personal details on any leaflets or union material for fear of being sacked.
- A farm worker active in the union lost his job and his tied cottage because his employer found out he was an active union member.

With the abolition of Agricultural Wages Boards there is no regulation of rents and wages within agricultural accommodation provision and Unite has raised concerns about the unequal power of employers. Where accommodation is provided to workers we have seen cases of workers being abused

because their employers control both their accommodation and their transportation. Rents where accommodation is provided by the employer are high and they undermine pay. Typically these workers are working 12 hour shifts to make enough money just to get by.

Unite calls for:

- **Tougher enforcement in relation to the supply chain** – the remit of the Groceries Code Adjudicator needs to be extended to protect workers from ‘race to the bottom’ trading practices in the whole supply chain. The sector needs a better system of monitoring and enforcing labour standards to tackle modern slavery and all forms of worker exploitation. This system must be unilateral covering the supply chain of workers both in the UK and overseas who provide food for the UK.
- **The new funding scheme to ensure a baseline of worker wages (such as the real Living Wage) and labour conditions as criteria for entry into the new funding system.**
- **The reinstatement of statutory pay-setting for agriculture in England**, including the reinstatement of statutory rights to holiday pay and sick pay as under the former Agricultural Wage Boards.
- **Markets to be regulated** to ensure farmers can earn sufficient income from trading to meet the costs and working environment that result from decent pay and conditions. Deals and pricing in the food supply chain needs to be regulated to ensure fair incomes for suppliers, including farmers and growers, and therefore those working for them.
- New agricultural **policies must be designed to encourage skills growth and quality jobs** in the sector and in sustainable farming.

Q: What is your experience over the past year in the following areas?

Prices and profits

Low paid workers are paid less than their marginal productivity,³⁹ resulting in company directors and shareholders pocketing businesses’ profits⁴⁰ while their lowest paid workers struggle to survive on poverty wages and working excessively long hours to top up their pay.

Pre-pandemic businesses in the hotel industry were enjoying rising profit margins. Multinational hotel giant, IHG, the UK’s largest hotel chain which owns Holiday Inn and Crowne Plaza, enjoyed increases in its UK operating profits from £38.5 million in 2017; £39 million in 2018 to £50 million 2019⁴¹. In 2020 the Group reported its global operating profit rose by 12.5% but reduced fee business costs by \$150 million through reductions in discretionary costs, temporarily reduced salaries and redundancies. The Group’s latest annual report reported a 52.5% reduction in RevPAR leading to operating profit from reportable segments of \$256 million, falling by 75% from the previous year⁴². While we understand the unprecedented financial impact of Covid and subsequent lockdowns on the hospitality sector, it is worth noting that analysts are forecasting hoteliers will return to profitability peaks within three years⁴³.

Furthermore, Unite has seen evidence from the Bank of England that shows IHG received a loan £600 million from the Bank from its Covid Corporate Financing Facility (CCFF) which provides funding to businesses by purchasing assets known as “commercial paper” (CP). The loan was taken out by the

³⁹ NewStatesman: *The dark side of the UK’s jobs boom*. 30 January 2019 [Link](#)

⁴⁰ TUC: Pay-outs to shareholders have risen 6.4 times faster than wages. 14 Nov 2019 [Link](#)

⁴¹ Companies House: IHG Ltd accounts 2019.

⁴² IHG Annual Report 2020. Link <https://www.ihgplc.com/-/media/D84EF589B02C4A4CACC1D62E07692122.ashx>

⁴³ <http://www.proactiveinvestors.co.uk/companies/news/931896/ihg-and-whitbread-upgraded-as-jpmorgan-sees-business-travel-concerns-as-overdone-931896.html>

Group in June 2020 and paid back after the 10th March 2021⁴⁴. Yet, during the pandemic IHG hotels in the UK terminated around 500 workers on statutory severance packages and used public funds to pay for notice pay of minimum wage workers, despite repeated calls from Unite to use the CJRS to retain workers⁴⁵, justifying these redundancies on the basis that the hotels would be closed till March 2021, however they re-opened in October and November 2020.

It is Unite's experience of organising workers in accommodation that the sector does not offer its employees much scope for pay progression. An employee in the accommodation sector barely earns more in their thirties and forties than they do in their twenties. This goes against the trend in the rest of the economy. The highest earning age group in the accommodation sector, those in their forties, earns £54 per week less than the average employee across the whole economy between the ages of 22 to 29, yet the while the average hotel sector employee is paid £8.15 per hour, directors in large hotel chains are among the highest paid executives with Travelodge paying its board of directors a combined total of £5.4 million in 2017 and its best-paid director saw their remuneration package double, from £1.2 million to £2.5 million. Similarly, Whitbread, another industry giant, paid its board and CEO a combined total of over £4.7 million in the 2017/18 financial year.

With respect to prices, IDR research into the impact of the NLW found 67% of employers who responded had raised their prices to respond to the NLW specifically in the childcare and social care sectors⁴⁶, but in the retail sector the majority of employers who responded stated they had to apply a brake on profits.

In the wake of the Covid-19 outbreak, and building up to the end of the Brexit transition period, supply and shortages affected higher demand and other pandemic-related expenses which allowed for some companies to raise prices resulting in widespread reports of retailers inflating the prices of products⁴⁷. Resultantly, we saw an increase in price gouging⁴⁸. During lockdown periods demands for groceries rose putting upward pressure on prices. A surge in oil prices and a rise in household gas and electricity bills pushed UK inflation to 1.5% in April 2020⁴⁹. The Consumer Prices Index, including owner occupiers' housing costs (CPIH), rose by 1.6% in the 12 months to April 2021, up from 1.0% growth to March⁵⁰.

While businesses have been through deferral schemes, such as deferral of VAT payments until the end of March 2022, and business rate relief for the 2020-21 tax year for companies in England across the retail, hospitality and leisure sectors, in pay negotiations Unite has seen employers seek to take advantage of the general downturn to try to squeeze wages in a way that cannot be justified by their financial situation.

The latest statistics from the ONS show private non-financial corporations' (PNFCs) net rate of return for Quarter 4 (Oct to Dec) 2020 was 9.5%, the same rate as in Quarter 1 after a decrease to 8.2% in Quarter

⁴⁴ <https://www.bankofengland.co.uk/-/media/boe/files/markets/covid-corporate-financing-facility/cp-held-by-ccff-by-business-more-detailed.xlsx>

⁴⁵ <https://unitelive.org/hotel-workers-say-no-to-fire-and-re-hire/>

⁴⁶ IDR: Impact of the National Living Wage: Employer research. 2017 [IDR](#)

⁴⁷ ONS:

<https://www.ons.gov.uk/economy/inflationandpriceindices/articles/coronavirusandtheeffectsonukprices/2020-05-06>

⁴⁸ <https://www.which.co.uk/consumer-rights/advice/how-to-spot-and-report-price-gouging-ackUs5Y30LSV>

⁴⁹ <https://www.theguardian.com/business/2021/may/19/uk-inflation-more-than-doubles-in-april-as-energy-prices-increase-coronavirus>

⁵⁰ <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/april2021>

2 (April to June, the period of the first lockdown), rising to 9.7% in Quarter 3 (July to September) . For manufacturing companies, the return on profits increased from 9.7% in Q1 (Gross, 8.3% Net) to 10.3% (Gross, 9.2% Net) in Q4 2020. For the services sector, which has a high concentration of low paid and young workers, the net rate of return increased from 14.6% (Gross) in Q1 2020 to 14.8% in Q4 2020⁵¹. Consistently over the past 5 quarters the service sector has seen a higher rate of return than manufacturing yet the average pay in the manufacturing sector stands at £30,703 per year⁵² while in the accommodation sector the average pay is £24,303 per year⁵³. Undoubtedly employers in the accommodation sector as a whole can afford more generous minimum wage increases.

Unite has seen that this can be done. Last month (May 2021) the Atholl Arms Hotel in Dunkeld became the first hospitality employer to be a full signatory to Unite's Fair Hospitality Charter, ensuring their workers will receive the real living wage - regardless of age – guaranteed hours they can rely on, a proactive anti-sexual harassment policy and 100% of their tips⁵⁴. This landmark agreement sets an important precedent for the hotels sector as many employers struggle to attract and retain skilled workers after years of poor wages and precarious contracts.

"My employees were on furlough for a long time and I know that moving onto a real living wage is very much appreciated by the team, they will all have more financial security and can focus on the job.

What's important here is that we are paying at least the living wage to every single one of our employees regardless of their age. My primary aim is to make hospitality work as a career, and not only a job people have to do because there's nothing else. I would very much hope that my hospitality colleagues and business owners will follow me on this journey, and we can make hospitality great together so that people have pride to work in hospitality"

– Zsolt Balogh, Atholl Arms Hotel Executive Managing Director

"If small, independent hotels like the Atholl Arms can take this important step, then so can enormous chain hotels like IHG, Marriott and Premier Inn"

– Bryan Simpson, Unite Hospitality Industrial Organiser

Productivity

It has been difficult to measure productivity among minimum wage workers particularly in hospitality with 90% of workers being furloughed. While employers claim their intention is to make staff more multi-skilled in expecting workers to take on a wider variety of tasks, Unite sees work intensification with no additional reward particularly in lowest-paid roles.

Better wages are proven to increase productivity. Studies supported by Barclays Bank have shown that Living Wage employers report an increase in productivity, a reduction in staff turnover / absenteeism rates and improvements in their public reputation. Consequently, there are now almost 7000 employers accredited as Living Wage employers by the Living Wage Foundation, including some of the largest private companies in the UK, such as Barclays, HSBC, IKEA and Lidl⁵⁵.

⁵¹ ONS: Profitability of UK companies – rates of return and revisions. Released April 2021. Link

<https://www.ons.gov.uk/economy/nationalaccounts/uksectoraccounts/datasets/profitabilityofukcompaniesreferencetable>

⁵² Payscale: Manufacturing salary [Link](#)

⁵³ Payscale: Hotel salary [Link](#)

⁵⁴ <https://www.unitetheunion.org/news-events/news/2021/june/atholl-arms-hotel-in-dunkeld-becomes-first-hotel-in-perthshire-to-become-a-fair-hospitality-employer/>

⁵⁵ https://www.livingwage.org.uk/sites/default/files/BAR_LivingWageReport%20cropped%2021%2001.pdf

Pay structures and differentials

Unite continues to see a narrowing (or elimination) of pay differentials for skilled workers' in the hospitality sector where chefs had seen their rates more or less frozen with some companies diverting tips and service charge to kitchen to make up the difference, usually wiping out the NLW increase for waiting staff and leaving them financially worse off. Similarly, in the food production sector we have heard from workers at a poultry factory with a 98% migrant workforce where workers who were previously on skilled rates have seen these disappear replaced by a flat rate little above the NMW.

In the vast majority of cases Unite's experiences with employers and the NLW has been a positive one. However, Unite has witnessed examples where employers were looking to profit from the NLW by removing or reducing a host of other terms and conditions including reduction in working hours, no enhanced payment for working overtime on weekends/bank holidays, only offering the minimum annual leave, no sick pay, reducing pension benefits or using bogus self-employment. Within the context of the current crisis, Unite is seeing many unscrupulous employers doubling their efforts to drive down pay and conditions in what is now typically known as 'fire to rehire' contracts.

In a survey of 42,000 Living Wage Foundation accredited employers, which included a third of FTSE 100 companies, 93% reported benefits of applying the real living wage which included a company with 100 employees where 80% of workers benefited from pay differentials. Where concerns were raised by employees in respect to differentials causing tensions between staff and supervisors, the Living Wage Foundation recommended engagement with unions for best practice to mitigate tensions⁵⁶.

According to a recent survey of employers conducted by Income Data Research (IDR), 'few' of the employers have yet to overhaul their pay structures for hourly-paid staff in a more significant way in response to the NLW increases with several stating they were '*seriously considering doing so*'. The survey also received responses from the four major food retailers, Asda, Sainsbury's, Tesco and Morrisons, concerning the impact of the NLW on differentials, as well as other factors such as equal pay claims, however this related to equal pay claims between warehouse workers who were mostly men and retail staff who were mostly women⁵⁷.

During the pandemic IDR conducted a study of the impact of future targets for NLW which reported concerns that above inflation increases to NLW would be more difficult to overcome post-pandemic where employers feared they would not be able to offset differentials by reducing terms and conditions such as reducing annual leave and removing overtime premiums as many had already exhausted these options⁵⁸. However it is Unite's view and experience of reviewing company accounts that many employers mismanage wage bills with excessive pay awards to executives while squeezing pay and reducing benefits for the majority of staff.

The focus of Unite negotiations continues to be to at least maintain the cash differentials between grades if the same percentage increases cannot be agreed.

⁵⁶ LWF: The Living Wage Employer Experience. 2017 [Link](#)

⁵⁷ IDR: Pandemic leads to a varied landscape for retail pay. June 2021. [Link](#)

⁵⁸ [IDR Study of impact of future targets for the NLW FINAL 8 Dec 20.pdf \(publishing.service.gov.uk\)](#)

Wider benefits available to workers (including premium pay and non-pay benefits across the workforce)

In 2020 the Government's Statutory Sick Pay (SSP) rules were amended removing the three day waiting period for absences related to coronavirus. However, all other absences or illnesses remain covered by the three-day waiting period before SSP applies, which will include long Covid.

Quality of work, including contract types, flexibility and work intensification (e.g. greater expectations for workers to work more flexibly, with greater effort, to higher standard etc):

Progression and Training

Unite continues to raise concerns over the lack of progression available to low paid workers, particularly those in hospitality and outsourced cleaning, catering and facilities jobs. Unite reps and officers in these sectors are challenging the lack of training and progression that has been enabled by two-tier and even multi-tier systems where agency and contract workers have been working for an economic employer for a number of years without any training or progression.

Unite fears that any benefits gained from the Union Learning Fund will now disappear as the Government announced the end of the annual £12 million grant which has allowed the Union Learning Fund to support around 200,000 workers a year to access education and training opportunities⁵⁹. This, without any consultation and in the midst of a pandemic, when we must support workers to retrain and gain new skills is reckless.

While Unite is pleased the Government has assigned £2.5 billion national skills fund and the £500 million skills recovery package, this should not be funded in part by the loss of money currently given to the Union Learning Fund. Union learning produces unique outcomes and benefits. A recent independent evaluation of ULF found employees who completed at least three episodes of union learning were⁶⁰;

- *3.6 times more likely to get a new job with their current employer*
- *2.7 times more likely to receive a pay rise*
- *5.7 times more likely to attain promotion*
- *3.4 times more likely to report that they could do their job more effectively*

Furthermore, the evaluation reported 47% of employers stated their employees were more committed as a result of their engagement in union-led learning and 44% stated ULF led to improved employment relationships in their organisation⁶¹.

Government must take urgent action to ensure people at risk of unemployment and those who have lost their jobs during the pandemic can access training to improve their employment opportunities to mitigate against the loss of skills. Unite calls on the Government to immediately reinstate ULF funding.

⁵⁹ <https://www.unionlearn.org.uk/2016-evaluation>

⁶⁰ <https://www.unionlearn.org.uk/2016-evaluation>

⁶¹ <https://www.unionlearn.org.uk/2016-evaluation>

Investment

While investment in training, progression and working conditions, which includes raising wages, has fallen within the backdrop of mass redundancies and increased insecure work, Unite has seen a significant number of employers who after announcing job cuts have gone on to invest millions in new businesses premises, below are examples of recent investments announcements made by well-known hospitality operators;

- **Whitbread** is planning to invest **£350m in its hotel chain**, including refurbishments and 5,000 new rooms.
- **Bluestone National Park Resort** has won planning consent for the **£15m expansion of its holiday village in Pembrokeshire**, with the creation of 90 jobs.
- **Town Hotels** is to open **two new hotels in Liverpool** over the next few months, following a **£11m investment**.
- **Pizza Express** is to recruit an additional **1,000 staff for the reopening of its chain of 360 restaurants** over the next few months.
- **Turtle Bay** is to create **50 jobs** at a new 5,100 sq ft restaurant due to open in Coventry in August.
- **Prezzo** is to open a 4,300 sq ft restaurant at Islington Square in London, its first new site since 2018.
- **Boparan Restaurant Group** is planning to open up to **500 Caffe Carluccio's outlets over the next five years**.
- **Apache Pizza** is to open **five pizza outlets in Northern Ireland**, with the creation of 75 jobs.
- **Domino's Pizza** is looking to recruit **5,000 chefs and delivery drivers at its 1,100 pizza outlets**.
- **Fulham Shore** is looking to expand its chain of **73 restaurants with new Franco Manca sites nationwide**

Unite also notes the impending threat of automation on jobs as we see many businesses invest heavily in artificial intelligence which replace job roles, for example self-checkouts in supermarkets and other replacements to front facing customer service roles.

Q. Apart from the minimum wage, what other factors affect workers in low-paying sectors and occupations? Among other things, we are interested in evidence and views on:

. Page 29

Universal credit section

Please add new short para after bolded bullet point list and before para beginning 'As of April 2016'

<https://www.unitetheunion.org/news-events/news/2019/december/thomas-cook-workers-face-xmas-misery-as-unite-calls-for-incoming-government-to-take-immediate-action-to-prevent-future-woe/>

The effect on workers of Universal Credit and other rules around benefits and tax.

The main issue at present concerning hospitality workers vis-a-vis social security is the obstructed access to welfare support of furloughed workers caused by a disconnect between the Real Time Information (RTI) being submitted by employers to HMRC and how this is communicated to DWP.

The case of our members at Adlib and Bluedog is probably the most egregious example of this, where scores of workers have been denied furlough because of a failure on the part of the employer to submit

RTI in time to HMRC and this in turn has meant that many workers have had their entitlement to benefits reduced or been denied universal credit altogether because they are seen as still classed as employed albeit without a wage⁶². Resultantly these workers did not receive furlough for 25 weeks.

Denial of furlough wages for members at Adlib & Bluedog

21 workers at two of Glasgow's most popular bars have been denied furlough wages since November 2020 because of a dispute between the employer and HMRC. This has left them destitute and unable to afford basic necessities such as food and rent. Many of the workers have had to sell possessions to keep a roof over their head.

After several false promises of payment from the employer, these workers engaged the union in February and all workers (who could afford it) joined Unite as full industrial members. We now have 100% density at both units and serious potential for an ongoing organising campaign which may spread to other venues owned by the same employers.

We started supporting them industrially with a campaign to put pressure on the employer to pay-up. This campaign involved working with Glasgow MPs to lodge collective letters to the employer and HMRC to resolve the dispute. The plight of our members has now been raised in [Westminster](#) and Holyrood. This has garnered significant local and national media coverage for the union^{63, 64, 65}

As the union representing 95% of staff, Unite lodged a legal claim for unlawful deduction of wages and breach of contract. We estimate this claim to be worth in the region of £100,000 just in unpaid wages. While we wait for the claim to be heard, Unite had to resort to raising money for our members from other bar workers in order that they can pay rent.

Unite used its branch network and social media platform to support our members financially by launching a [JustGiving page](#) which has [raised £6,456](#) for our members - donated mostly from fellow bar workers. Our Glasgow Hospitality and Service Industries branch also donated £2000 towards the fund and other branches across the country have taken the amount to over £10,000.

Unite raised concerns via those Scottish MPs in the House of Commons several times. Despite confirming from the dispatch box more than 3 weeks ago that she would meet us, we have yet to receive confirmation of a meeting with the Paymaster General, Penny Mordaunt.

On 4th March, Stewart McDonald MP, met with senior officials from DWP who confirmed that they will work with the RTI disputes team at HMRC to have a look again at the Universal Credit applications which have been denied based on incorrect information. In Scotland, we have contacted Shirley Ann Somerville who has been involved in trying to resolve things with DWP.

The members have now lodged a collective grievance to the employer which outlines their demand to be paid all outstanding wages, collective bargaining rights and for the employer to sign-up to the Fair Hospitality Charter.

⁶² Glasgow Times: Thousands raised for 'destitute' AdLib and Blue Dog workers left without furlough. 25th February 2021 (accessed 10th May 2021). [Link](#)

⁶³ [Daily Record](#)

⁶⁴ [Evening Times](#)

⁶⁵ [TW News](#)

In 2019 of the 1.6 million people on Universal Credit (UC), 530,000 (34%) were in employment. Universal Credit is part of a system that subsidises poverty wages, and insecure work, and in Unite's experience UC has put even more power into the hands of unscrupulous employers. The Government introduced Universal Credit as a system that *would make work pay*, yet there is substantial and growing evidence that it is doing the opposite. Causing tens of thousands of people to fall into debt, rent arrears, and to become reliant on food banks, while causing real hardship, misery and even deaths. Analysis from the Resolution Foundation estimated UC will make working families an average of £625 a year worse off compared to the working tax credit system, particularly for lone parents⁶⁶.

Following a Unite survey the Union called on the Government to scrap and replace UC with a system that is fair and humane and provides a proper safety net for people who need financial support to live their lives⁶⁷. The survey findings were a damning indictment of a broken system which punishes those it is meant to provide essential support for. Key findings include:

- **75%** stated their experience of claiming Universal Credit was overwhelmingly bad, and many claimants believe they are not getting the money they are entitled to.
- Sanctions in particular are **cruel and unfair** and make the impact of Universal Credit worse.
- Universal Credit is **causing food poverty** and **driving the use of food banks**. In some cases it has forced claimants into **prostitution and illegal activity such as theft** in order to survive.
- Universal Credit is **pushing claimants into debt**, including into the arms of pay day loan companies and loan sharks.
- Universal Credit is having a **detrimental impact on claimants' mental health** which is **increasing the risk of suicide**.
- The application process is **unfair, complicated and difficult to access**. It is also **rigid** and **unresponsive**, for example most respondents would prefer to be paid fortnightly.
- Universal Credit is causing **serious problems with housing**, including **rent arrears and homelessness**.
- Universal Credit is **discriminatory, disproportionately impacting on disabled people, carers and parents**.
- Parents **struggle to pay for school trips, school uniforms and feeding** their kids, particularly during school holiday, birthdays and Christmas **Families and friends having to fill the State's role in providing a social safety net**.
- Legacy benefit claimants overwhelmingly **fear being moved onto Universal Credit**.

⁶⁶ Resolution Foundation: Universal Remedy Ensuring Universal Credit is fit for purpose. 2017 [Link](#)

⁶⁷ Unite Research: Universal Credit Not fit for purpose. 2019. [Link](#)

Universal Credit is an industrial issue that impacts on working people. It is particularly unfair to part-time, low-paid, zero hours and agency workers as well as the self-employed.

The experience of the devastating impact of COVID-19 in the aviation industry has led to thousands of previously well-paid long-term jobs being put at risk alongside less well-paid jobs in the sector. Unite surveyed the impact on Thomas Cook workers of the sudden collapse of the company including its profitable airline shortly before the pandemic. Their experience of claiming universal credit and other benefits has been harrowing, and was brought to the attention of DWP. Since this time, thousands of aviation workers have already lost their jobs, tens of thousands more remain furloughed and the situation worsens by the day⁶⁸.

As of April 2016 the new UC system effected cuts to in work benefits, limiting child tax credits and Universal Credit to two children for new claims, thus removing the family element in tax credits as well as capping benefit rates. This particularly disadvantaged lone parents, with child care costs making it hard for them to find work, failing to consider the severe shortage of affordable childcare, particularly for pre-school children⁶⁹.

For working parents UC has meant a loss of free school meals, adding between £30 and £40 a week to parents' outgoings, placing severe financial strain on families and causing many children to lack basic necessities for school and to go hungry over school holidays⁷⁰. Of the 500 Unite survey responses from claimants with children; **over 80%** of parents identified birthdays, Christmas and other family events as times when it is particularly difficult to make ends meet; **69%** of parents had skipped meals; **55%** could not afford school uniforms or school equipment, **52%** said they couldn't afford school trips, and over four fifths (**79%**) stated they found it hard to make ends meet during the school holidays. This issue has been widely publicised during the pandemic when it took a footballer, Marcus Rashford to campaign in order to get the Government to issue free food vouchers for families that struggled to afford meals during school holidays⁷¹.

The UC system further discriminates those from protected characteristics which include BAEM who are disproportionately represented among workless households or in low and insecure employment; and disabled people in work are likely to be about £40 per week worse off under UC as it removes essential financial support such as Severe and Enhanced Disability Premium placing a barrier for them to engage in paid work⁷² and migrants (both working and non-working migrant) as hostile environment policies which are constantly evolving place many in the category of NRPF (no recourse to public funds).

During the pandemic, people who fell between the gaps in the job retention and self-employed income support schemes were advised to turn to the welfare safety net, leading to a surge in Universal Credit claims⁷³. Following the £20 increase in the basic rate of UC announced on 20th March 2020, the Work and Pensions Committee carried out a survey of people's experiences of the benefit system during the coronavirus outbreak. The survey found 75% of UC claimants and 60% of Employment and Support

⁶⁸ Unite the Union: *Thomas Cook workers face xmas misery as Unite calls for incoming government to take immediate action to prevent future woe*. 9th December 2019. [Link](#)

⁶⁹ The Money Advice Service: *Average childcare costs 2021*. [Link](#)

⁷⁰ Unite Research: *Universal Credit Not fit for purpose*. 2019. [Link](#)

⁷¹ BBC News: *Marcus Rashford: Food voucher campaign changed government policy*. June 2020 [Link](#)

⁷² Citizens Advice Bureau: *Holes in the safety net: The impact of Universal Credit on disabled people and their families*. 2012. [Link](#)

⁷³ <https://www.gov.uk/government/publications/universal-credit-declarations-claims-and-advances-management-information>

Allowance (ESA) claimants who responded to the survey felt the benefit wouldn't stretch to cover their bills⁷⁴.

For many young hospitality workers the pandemic has exposed the inequalities of the social security system which prevents students from applying for UC. Unite members in the hospitality sector report being laid-off or unable to get furlough due to the nature of their contracts and not being able to access support from social security benefits during the coronavirus crisis. Resultantly, many lost their accommodation and are living in debt. For those who have had to shield/self-isolate and could only access Statutory Sick Pay (SSP), £95.85 per week is not enough to live on.

Unite believes the Covid-19 crisis has, and will continue to, expose how inadequate the rights and protections workers in this country have. Statutory Sick Pay (SSP) should be increased so that it is at an equivalent level to a real living wage and should continue to be paid from day one, with the lower earnings threshold abolished. Many of those falling below the lower income threshold are women. For a two week period of self-isolation on SSP in the UK at the current rate you will receive £188.50. The average weekly wage is £471⁷⁵, meaning that SSP is on average 20% of a person's wage. Over two weeks this is potentially an average loss of £753.50. Further, the TUC have suggested that figures show that 7.2 million employees (26%) are only entitled to SSP⁷⁶. Many households will not be able to cope with such a drop in income. Unite has voiced concerns that workers who are experiencing symptoms and are worried about their health are nevertheless forced to go to work because they cannot afford not to.

Contributory benefits are meant to provide support when income is disrupted, but many precarious workers, for example workers on zero hour contracts, are often excluded from social security because they haven't earned enough to pay National Insurance (NI) contributions or the precarity of their work means they are often in and out of employment and aren't able to amass sufficient NI contributions. For those who fall through these 'cracks' the social security system must include other support provisions.

Unite recommends the following;

- The savings rules in Universal Credit must be scrapped so more people can access this.
- The vast majority of successful benefit appeals demonstrate the serious flaws in the system which causes unnecessary stress as well as unjustified financial hardship. There must be an overhaul of the system so that it is fair and accessible.
- Unite calls for an above inflation increase to the level of Universal Credit and legacy benefits to lift people out of poverty. This must be raised to at least 80% of the national living wage (£260 per week).
- Means-testing benefits was developed to reduce social security expenditure to the detriment of the applicant. Means testing support for people on low incomes with high living costs can create divisions and misunderstandings and this must be scrapped.
- The No Recourse to Public Funds restriction is putting lives at risk and must also be scrapped.

⁷⁴ <https://publications.parliament.uk/pa/cm5801/cmselect/cmworpen/coronavirus-survey-responses.pdf>

⁷⁵ ONS, 17th March 2020, Average Weekly Earnings in Great Britain March 2020

⁷⁶ TUC analysis using DWP figures

- The single family payment of UC encourages dependency and can exacerbate domestic violence. Unite calls for an automatic split payment system to remove the onus on domestic abuse victims to request split payments which may put them at risk of further familial abuse.

Access to transport and the effects this has on working life

The cost of travel has risen significantly in the past decade with bus and coach fares 72% and rail fares 51% higher now than in 2009, the latest ONS data shows an annual increase in fares and other travel costs by 6.1%, bus and coach fares rose by 17.5%⁷⁷.

Ticketing and the costs of travel significantly impact low pay workers. Transport fares have increased faster than overall price inflation and the cost of passenger transport has risen by 131% since 1997⁷⁸. Working patterns are such that precarious working does not necessarily allow for consistent and affordable use of public transport. Without guaranteed hours or income, many are required to attend work at short notice, and as such are unable to benefit from a weekly/monthly/annual travel card. Journeys made without a weekly or monthly travel-card result in high travel costs for less frequent travellers, ticketing options do not take into account variations in working hours/days from week to week and discounted ticketing is not presently set up in such a way to give value for money for people working on precarious contracts.

Unite believes the lack of affordable and accessible transport options is hindering people on low incomes from accessing essential services or work⁷⁹. Access to reliable and affordable transport can mean the difference between being able to work and being locked into welfare dependency. Statistics from DWP reveal 64% of jobseekers do not have access to a car and two in five say lack of affordable transport is a barrier to getting a job⁸⁰. In addition, transport costs can also easily wipe out modest financial gains from entering or returning to work and difficulties in accessing childcare by public transport can present a further barrier for working parents⁸¹.

Unite welcomes the recently published National Bus Strategy for England which recognises the need for *simple, cheap fares that you can pay with a contactless card, with daily and weekly price capping* across operators covering rail and tram travel and the need for affordable bus travel to *help ensure that work pays and can be sustained for everyone*⁸². However, we are yet to hear from bus operators on how this ambition will be applied.

Currently our transport planning system penalises people who cannot afford a car, who struggle to cover rising public transport fares and who lack access to public or private transport because of age, disability or where they live⁸³. Unite is also concerned about women who are more likely to rely on public transport for caring responsibilities as well as paid work because they are less likely to commute by car or train and more likely to be in part-time work and are disadvantaged by the high cost of season tickets⁸⁴.

⁷⁷ ONS: *Consumer price inflation tables*. 16th June 2021. [Link](#)

⁷⁸ DfT: *Transport Statistics Great Britain 2019* [Link](#)

⁷⁹ Sustrans: *Locked Out*. [Link](#)

⁸⁰ Department for Work and Pensions: *21st Century Welfare*. 2010

⁸¹ *Ibid*

⁸² DfT: *Bus back better, National Bus Strategy for England*. 2021 [Link](#)

⁸³ Sustrans; *Locked Out*. [Link](#)

⁸⁴ ILO: *Making the Connections: Final Report on Transport and Social Exclusion*. 2003 [Uri](#)

Unite has raised concern over women's safety in public transport amid widespread reports of sexual harassment in public transport. Unite has raised this with the minister for buses and we were pleased to learn that a new minister for women's safety has been appointed.

Summary and recommendations:

- Inadequate and expensive public transport and hostile walking and cycling environments are forcing millions of people to choose between debt and social exclusion. Government must tackle transport poverty across all public transport modes, ensuring a fair public transport system must be affordable to all.
- Unite supports comments made by the Joseph Rowntree Foundation which highlight the inter-related issues around poor public transport and how, for some people, being able to access efficient, affordable and integrated transport is key to achieving wider economic success.
- Safe transport home is particularly important to shift and night time economy workers, many of whom are in low paid jobs in hospitality, retail, and health and social care. Unite has started a campaign for safe transport home, negotiating with local authorities and employers for the provision of safe transport home during unsociable hours.

3. The National Living Wage

Q. What has been the impact of the NLW in the past year? Our critical interest is in its effects on employment, hours and earnings. We are also interested in the effect of the NLW on any of the areas listed in question 4.

The latest research from IDR found half of the 56 employers interviewed, which included the Co-op, Costa Coffee, John Lewis, Mars, Tesco and Wilko⁸⁵, reported increasing their lowest rate of pay in order to comply with the new statutory minimums averaging £9.44 per hour⁸⁶. Of the respondents the only company to delay the statutory minimum uplift for furloughed workers was a leisure firm, while 60% reported no longer having minimum-wage workers on furlough and the remainder 34% applied the uplift to pay rates irrespective of whether workers were on furlough leave or not⁸⁷.

The Job Retention Bonus was a one-off payment to employers amounting to £1,000 for every employee who they previously claimed for under the CJRS scheme, and who remain continuously employed through to 31 January 2021. To be eligible employees must earn at least £520 a month on average between the 1 November 2020 and 31 January 2021. Employers were able to claim the Job Retention Bonus after filling PAYE for January and payments will be made to employers from February 2021. The

⁸⁵ Nb: The survey collected responses from; Airbus Operations, Altechnic, Altro, Amey, Aquaterra Energy, Asda, Break, Bristol City Council, BT, Castle Leisure, Chelsea Physic Garden, Co-op, Costa Coffee, Durham University, East Renfrewshire Council, Edinburgh Napier University, Guinness Partnership, H&R ChemPharm (UK), Imerys Minerals, INEOS Nitriles UK, ITV, Jigsaw Homes Group, John Lewis, Kent County Council, Kier, Lancaster University, Leeds Arts University, Leicester College, Marie Curie, Mars Inc, Midland Heart, Molson Coors Beverage Company, Norbar Torque Tools, Queens Cross Housing Association, Royal Borough of Windsor and Maidenhead, BWM, Richardso (Removal & Storage Contractors), RM Education, Robert McBride, RSPCA, Sanctuary Group, Scottish Opera, Sedgemoor District Council, Siemens Mobility, Sky, Tamworth Borough Council, Tesco Stores, The National Trust for Scotland, The Scottish Salmon Company, Triangle Housing Association, United Utilities, University of Birmingham, University of York, Valuation Office Agency, Vista Retail Support, Wilko, Yorkshire Water

⁸⁶ IDR: Half of employers increase pay rates to comply with NLW uplift. June 2021 [Link](#)

⁸⁷ IDR: Half of employers increase pay rates to comply with NLW uplift. June 2021 [Link](#)

amount of £520 per month equates to 15 hours a week at the National Living Wage rate. Unite became aware of hospitality employers who sought to slash hours or force workers onto zero hours contracts to be eligible to claim this as an addition bonus for doing the wrong thing.

Over the past three years, the Government committed to bringing in legislation to ensure workers receive 100% of tips and service charge. During the pandemic many hospitality workers were persuaded to sign a form of salary sacrifice contract whereby their hourly rate was pegged to the National Living Wage and as much as 50% of fixed income was drawn from Service Charge under non contractual tronc arrangements. As a consequence of the Government decision not to include tronc payments in the calculation of the CJRS payment formula many furloughed hospitality workers have struggled to survive on 80% of the NMW/NLW rate which for those aged 18 to 20 meant an hourly rate of £5.16, for 21-24 year olds £6.56 and for 25 and over £6.97. Additionally, those furloughed before April 1st weren't able to benefit from the uplift in NMW/NLW.

In many cases employers are brazenly telling workers that the Government was wrong not to include tips and service charge in the calculation for furlough pay because it is very clearly legitimately part of normal earnings, but in redundancy calculations the same employers are telling workers they won't include tips and service charge in redundancy and notice calculations because they are not legitimately part of normal earnings.

Unite received complaints from workers in the hospitality sector of miscalculation of furlough. A Unite activist who works as a bar worker at a University in Northern Ireland reported her employer had failed to calculate pay adequately which resulted in staff going two months without pay, a survey of workers carried out by the branch revealed 49% of workers who were students were unable to access statutory benefits and as such had no income during a two month period. The survey also revealed that around 70% of hospitality workers in Northern Ireland did not benefit from the 2020 uplift in NMW/NLW. The activist's branch launched a campaign for pay parity with other workers of 100% furlough, back pay and clarity over the next steps which resulted in the University backdating furlough pay, but the University offered no clarity and instead the bar workers were put on zero hour contracts once the bar reopened in September 2020. Additionally, the activists told Unite casual workers had to 'fight' to get their furlough pay topped up to 100% as opposed to permanent staff.

Case study – Misuse of CJRS

Tom is a barrista in Northern Ireland with years of working experience in hospitality. He left his job before the pandemic and subsequently was unable to find work during the first lockdown. Because of his student status he was unable to claim statutory benefits.

In the summer of 2020 he found work at a bar where the employer, who owns several bars across Northern Ireland, made no health and safety provisions, workers had to buy their own hand sanitiser, face masks, etc.

Additionally, Tom was consistently under paid or received late payment and was never provided with a payslip. Tom told Unite that the company predominantly employed young workers and they exploited to varying levels. None of the workers were given payslips. When the workers attempted to organise using a staff WhatsApp group, the employer shut down the group chat.

Tom also spoke to the Union about the company misusing furlough, claiming CJRS for its workforce but only paying workers after receiving the funding from HMRC. Tom believes workers were too scared to report their employer for fear of losing their jobs.

Tom left this employer to work in a café in November. Because he started work there in November he won't be eligible for furlough in the event of another lockdown. Resultantly, he worked as many hours as he could to earn enough to see him through another lockdown. His experiences during the pandemic have had an impact on his mental health with feelings of anxiety in relation to future prospects.

During the pandemic Unite has also received accounts from hospitality sector workers of age discrimination whereby workers aged over 25 years were being 'selected' for redundancy. The Covid crisis has exacerbated the vulnerabilities of low paid workers in the hospitality sector. Workers in the sector are being told by their employer that in order to avoid redundancy they are required to accept new contracts with punitive clauses allowing the employer to lay off or impose pay cuts and reductions in hours without notice.

Initially the furlough scheme seemed to control unemployment, but our officers, organisers and reps in the sector were rightfully concerned about the looming threat that the CJRS would be used as cover to drive down pay and conditions and increase job insecurity in the coming years. This concern was justified when we began to hear from our members in the sector who were being told by their employers they would be kept on furlough until the end of their notice period. Unscrupulous employers in the sector abused the CJRS to claim tax payer's money whilst driving down pay and conditions of their employees under the threat of redundancy.

Unite hospitality sector has been receiving numerous wage theft allegations from members who are paid the NMW/NLW. In redundancy consultations employers are calculating redundancy pay at 80% as their length of service, counted to March or April when they were placed on furlough.

12. Page 34 in Section 3 The National Living Wage

Final Para at bottom of page beginning 'Unite has also heard from cleaning and facility workers'

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(c) please replace Heathrow BA reference 80 with this one. And replace the sentence beginning 'At Heathrow airport' with "An estimated 5,164 UK aviation and related jobs have gone every month since

February 2020, which is detailed in new research produced by independent experts Acuity Analysis for Unite. The full report is available [here](#).

Unite has also heard from cleaning and facility workers at Heathrow and Luton airports who are on NMW/NLW. The impact on aviation and the travel industry as a whole has been felt since February 2020 when the first wave of the Covid-19 pandemic first emerged in China, and has been felt by workers throughout the industry's supply chain. An estimated 5,164 UK aviation and related jobs have gone every month since February 2020, which is detailed in new research produced by independent experts Acuity Analysis for Unite⁸⁸. Unite officers and activists at the airports are working tirelessly to protect jobs, pay and working conditions. Through union negotiations, a system of *flexi furlough* has been agreed for airport workers across various businesses in the airport supply chain, many of which employ workers on NMW/NLW. Under flexi furlough employers can call workers in from furlough where required and workers get paid for the hours they work and the rest of their contractual hours are paid at 80% under CJRS. Issues have been raised by low paid workers regarding cost of travel as many work a considerable distance from the airport and are incurring cost of travel to work sometimes as little as three hours.

Mass redundancies have resulted in work intensification. One airport facilities contractor made twenty cleaners redundant and those who remained in employment are now having to work more for the same pay. Officers covering airport workers are concerned that from July 2021 employers will be expected to cover 10% of National Insurance and pension contributions and are seeing an increase in redundancies, disciplinaries, removal of previously negotiated agreements on pay and terms and conditions and even dismissals from employers as a reaction to this this.

“People are too frightened to open their hand, companies changing conditions like the weather. Our members are being sacked for making a simple mistake, they are playing on high rates of unemployment and want to get rid of people to bring in workers on lower pay and less terms and conditions. I am representing an elderly woman with over 21 years’ service working for a luxury retailer at the airport. This worker has never had any issues at work but recently made a mistake at the checkout where she mistakenly selected mangoes instead of potatoes on the screen and was immediately suspended pending an investigation which may result in her being sacked. No written warning, after years of service. The worker is now suffering from stress. I go to bed feeling so sad that my hands are tied – there are no clear government guidelines to prevent what is happening in civil aviation, even good employers are reacting against their workers.”

- **Unite regional officer, Civil Air Transport**

“There are around 5,000 on average per month redundancies, its constant and relentless, as much as we have fought for pay increases and better terms and conditions (T&C’s), it’s all been reversed. Before the pandemic we had a TUPE transfer on better T&C’s, but during the pandemic many of those workers were made redundant with only 10% of them remaining in employment. I have also seen cases of permanent workers being replaced with agency staff with some workers who was made redundant returned as agency workers, as these workers cost these companies less money. Another company requested our members to sign permanent contract changes with 50% less hours and worse T&C’s or face terminating their contract if they refused to sign. This employer did not even consider a redundancy payment.

⁸⁸ Unite the Union: *Final call for aviation support 5,164 aviation jobs lost every month as industry forgotten by government*. 17th March 2021 [Link](#)

Employers have used Covid as a smoke screen to change contracts permanently to their advantage and where our members face the lowest pay in the country with the highest outgoings is a massive detriment to the people.”

- **Unite regional officer, Civil Air Transport**

Q. To what extent has the NLW affected different groups of workers, particularly those with protected characteristics (for example women, ethnic minorities) and migrant workers?

Treatment of migrant workers

During this pandemic, one of the worst affected groups of workers has been migrant workers in low-paid jobs. In March 2020 Britannia Hotels made headlines around the country when they terminated the contracts of migrant workers without notice at the Coylumbridge Hotel in Aviemore⁸⁹. Workers were unceremoniously told to vacate staff accommodation immediately. This happened again only 2 weeks before Christmas 2020, when a large hotel chain threatened to evict 20 workers at the Fisher’s Hotel in Pitlochry. It was only when Unite members collectively challenged their treatment and sought the help of charities and politicians that the employer agreed to withdraw the eviction notice and offer to keep the staff in their accommodation and provide meals until after Christmas. These workers did not receive any furlough pay.

“On 1st December our colleagues were sacked and given 12 days to vacate our staff accommodation after which we would be evicted. The company refused to re-furlough us claiming they couldn’t afford the 5% employer contributions. They even tried to charge us for the days we had to stay there until we were able to get home to Hungary, Poland, Spain and the Czech Republic. We joined Unite Hospitality because we’d seen the work they’d done to support migrant workers in other hotels in the Highlands. Collectively, through a short but effective media campaign involving politicians and charities we forced the Hotel group to withdraw its eviction notice and commit to allowing us to stay throughout Christmas and being fed by the hotel. We will continue to campaign until we have been reinstated on furlough.”

- **Unite member working as a bar-worker, Fisher’s Hotel in Pitlochry**

“At the end of August, I was unfairly selected for redundancy by Intercontinental Hotel Group on account of my trade union membership having been an active member of Unite in my hotel for several years. 137 of my colleagues also lost their jobs because the company claimed it couldn’t afford to keep them on furlough. It rejected all of our reasonable alternatives to compulsory redundancies. During the redundancy “consultation” myself and over 50 migrant worker colleagues at the two flagship IHG hotels put a collective letter to the company requesting translation support for those who may not fully understood what was happening to them. The company flatly rejected these reasonable requests and staff were told to “use Google translate”. Days after [our contracts] were terminated, IHG brought in staff externally and from other hotels and agencies on lesser wages and terms to cover our roles. With the support of my union, my colleagues and I across IHG hotels are challenging these unfair dismissals legally and politically.”

- **Unite member working as a breakfast manager at the Blythswood Hotel in Glasgow**

Unite believes that the treatment of migrant workers (and workers in general) throughout this pandemic has been so unacceptable that in October 2020 we called-upon the UK Government to set-up a

⁸⁹ [Coronavirus: Hotel sacks and evicts staff 'immediately' without notice over virus fears - Mirror Online](#)

Hospitality Commission. The intended aim of this Commission would be to investigate the mistreatment of workers during the pandemic with particular focus on migrant workers and the misuse of furlough.

Women

The benefits of having more women in employment are being outweighed by the poor quality and low pay of the jobs they largely occupy. Around four in five women in the UK are working in low paying sectors such as retail, social care and hospitality⁹⁰. These are also high risk sectors in the context of Covid-19 and, as such, women in these jobs are bearing the health risks from coronavirus⁹¹.

Women are working in higher levels of insecurity and are therefore less able to assert their rights at work, and experience poorer terms and conditions generally⁹². These are workers who have regularly been denigrated as 'low skilled' and who are told they need to '*work their way out of poverty*' yet are the ones that society as a whole is most reliant upon. This should provide a wake-up call and a recalibration of the jobs we value as a society to ensure that all workers are treated with dignity, respect, security and receive a secure and real living wage.

Unite continues to hear from women members across our low paying sectors about the distinct lack of training provision and job progression and how they are feeling trapped in poverty wages. Unite remains concerned about the high levels of sex discrimination and sexual harassment being reported in the hospitality sector.

During the lockdown Unite represented an increase of members across all sectors reporting incidences of sex discrimination which extended to pregnancy discrimination, maternity rights and to childcare and caring responsibilities. In the case of pregnant women, Unite Hospitality sector has seen this group being caught up in mass redundancies. Our reps in the sector have received various reports of pregnant women being told they would only get SSP if they "choose" to self-isolate off of the back of COVID-19 up until they start maternity where in fact pregnant women have a legal right to be suspended for maternity reasons on full pay if "*their health and safety is in danger*". In one case a rep cited maternity related discrimination and 'duty of care' which then resulted in the members being furloughed by the employer.

Unite understands there is a significant connection between economic uncertainty and domestic abuse. Indeed during the peak of the pandemic many domestic abuse organisations have raised concerns about increased reports of household tension and domestic violence due to forced coexistence and economic stress as well as fears about the virus^{93,94}. The public health crisis and its economic impact demand universal access to public services and social security to ensure people's safety and justice. This includes meeting the funding needs of social care, domestic violence providers, ending the charges and barriers that migrants face and raising the level of Universal Credit and benefits, as well as expanding coverage.

There is a particular vulnerability for women in low paid jobs who are often unable to save enough money to afford them the economic stability to leave an abusive partner. This is also the case for women with no recourse to public funds who are unable to access support. In a public emergency, no woman should

⁹⁰ JRF: Poverty in the UK 2019-2020.

⁹¹ Resolution Foundation: Women, the young and low-paid workers are bearing the biggest health and economic risks from the coronavirus crisis. 28 April 2020 [Link](#)

⁹² Unite response to the Women's & Equality enquiry. June 2020

⁹³ Sky News: Coronavirus: Calls to National Domestic Abuse Helpline rise by 25% in lockdown. 6th April 2020. [Link](#)

⁹⁴ The Guardian: In quarantine with an abuser: surge in domestic violence reports linked to coronavirus. 3 April 2020 [Link](#)

fall outside a basic safety net. Unite is of the view that there should be no financial barriers to escaping violent relationships.

Summary and recommendations:

- Women often 'choose' to work in areas such as hospitality and social care because the jobs provide flexibility which allows them to fulfil caring responsibilities. But women should not be financially penalised for having children, they should be supported so that they and their families can progress out of low pay.
- Unite is calling for a £10 per hour rate of the NMW, a ban on zero hour contracts, an end for one-sided flexibility, better training and progression in low paying jobs and the continued monitoring of the gender pay gap.
- The report from Landman Economics found that an increase to £10 per hour would greatly benefit women and have a greater distributional impact in households with female workers and increase their earning potential to save more and invest money in training and progression which in turn would allow them greater competitiveness in the labour market⁹⁵.

Black, Asian & Ethnic Minorities (BAEM)

Black and Asian Ethnic Minority workers are also over-represented in the low paid and under-valued occupations such as cleaning, social care, childcare, security, hospitality and retail. The 2020 Public Health England (PHE) report commissioned by the Government, found the Covid-19 outbreak in the UK had “*exposed and exacerbated longstanding inequalities affecting BAEM groups in the UK*” which was linked to socioeconomic disadvantages disproportionately affecting BAEM groups⁹⁶.

The findings were based on data from the ONS and PHE as well as stakeholder input, looking at occupational risk in relation to the disproportionate impact of Covid-19 on BAEM communities. The report found BAEM workers were over-represented in lower paid NHS roles, specifically in London where 50% of these roles were occupied by BAEM groups⁹⁷. Despite the widely publicised report, and Unite’s call for urgent action to address structural inequality faced by Black and Asian Ethnic Minority workers, not much has changed since the PHE report. Unite continues to see evidence of employers who have predominantly BAEM workforces disregarding health and safety and applying discriminatory policy which deny workers dignity in the workplace.

“This airport facilities contractor employs a high proportion of migrant workers, of the 983 members in this workplace, 363 are white British. I do believe there is an underlying trend of racism from managers. Asian workers are treated differently – just because they are in a low paid job doesn’t mean they are uneducated.”

- **Unite regional officer, Civil Air Transport**

⁹⁵ Landman Economics Report; The economic impact of increasing the National Minimum Wage and National Living Wage to £10 per Hour: May 2018

⁹⁶ Public Health England: Beyond the Data: Understanding the Impact of COVID-19 on BAME Communities. June 2020 [Link](#)

⁹⁷ PHE: Beyond the Data: Understanding the Impact of COVID-19 on BAME Communities. June 2020, [Link](#)

Unite officers and reps are fighting back against all forms of structural racism in the workplace which not only undermines workers' dignity at work but has also restricted their ability to work safely during the pandemic. It is not coincidental that the most exposed sectors during the Covid-19 crisis, such as food retail and production, social care, hospitality, passenger transport, are also reliant on women, BAEM and young workers who are overwhelmingly in low paid roles. Unite has produced a guide to Equality Impact Assessment, an Equality Checklist⁹⁸ as well as a BAEM COVID 19 Health and Safety Guide⁹⁹ and specific guides to COVID19 and Women, BAEM, Disabled and LGBT+ workers for workplaces as part of our action plan on COVID-19 to address any instances of discrimination, violence and harassment, inequality, unfair pay, exclusion and under-representation¹⁰⁰.

The 2021 JRF report on poverty in the UK found BAEM groups were at higher risk of in-work poverty than their white counterparts¹⁰¹. Similarly, last year a study by the TUC revealed BAEM working people in the UK are seven times more likely to be working in low paid temporary jobs, and black women are more likely to be working in temporary jobs than black men (82% compared to 37%)¹⁰².

A recent Resolution Foundation briefing paper on ethnic minority workers in the hospitality sector, details and compares the experiences of hospitality workers from a range of ethnic backgrounds. It provides a brief overview of the hospitality sector and how it has been affected by the pandemic. Additionally, it reports that although hospitality workers generally had very similar raw earnings, after controlling for personal characteristics (age, level of educational attainment, occupation type, etc.), it concluded workers from BAEM backgrounds have lower earnings¹⁰³.

A House of Commons Briefing Paper on the impact of Coronavirus on the labour market, with specific data for 'shut down' sectors which include hospitality and impact on low paid workers, includes figures from HMRC on furloughed workers by sectors, age, gender, ethnicity and region/country as well as further information on the impact on vulnerable groups such as women, low paid workers, disabled workers and young and older workers. The paper confirms 15% of workers in the shut-down sectors (accommodation and food service sector) are from a minority ethnic group, compared to 12% of all workers¹⁰⁴. The paper also cites data from a survey by the Runnymede Trust which found only 35% of people from an ethnic minority stated they had **not** been financially affected by the coronavirus pandemic, compared to 54% of people from a White ethnic group.

Summary and recommendations:

- Unite remains concerned that BAEM workers are on average more likely to be trapped in temporary, low paid and insecure work than their White counterparts. This kind of discrimination and lack of progression has contributed to disproportionate numbers of BAEM deaths resulting from Covid-19. Unite calls on the Government to legislate to tackle ethnic disparities in the workplace by introducing mandatory ethnicity pay gap reporting for all employers.

⁹⁸ Unite the Union: Action on COVID19 Equalities booklet. 2021 [Link](#)

⁹⁹ Unite: BAEM Covid-19 Health and Safety Guide. 2020 [Link](#)

¹⁰⁰ Unite Equality Checklist. 2020. [Link](#)

¹⁰¹ JRF: Poverty in the UK 2019-2020.

¹⁰² TUC, 2017. 'BAME workers over a third more likely to be in insecure work, finds TUC'. [Link](#)

¹⁰³ Resolution Foundation Briefing: Ethnic minorities in the hospitality sector Comparing the experiences of hospitality workers from different ethnic backgrounds. December 2020

¹⁰⁴ House of Commons Briefing Paper Number 8898: on the impact of Coronavirus on the labour market. 18 December 2020

- Action to tackle race discrimination in the workplace needs to be strengthened. In addition to the measuring and reporting of ethnicity pay gaps, Unite also recommends that mandatory equality audits and statutory rights for union equality representatives are introduced, including specific requirements on race equality and action to support the progression of Black and Asian ethnic minority people at work. Unite has developed a “Race Forward” campaign for tackling race discrimination in the workplace, which is overseen by Unite’s BAEM structures. It sets out clear practical action needed in ALL workplaces, including:
 - **Close the ethnic minority employment gap**
 - **Tackle the pay gap for black workers**
 - **Fight for equality of opportunity in promotion**
 - **Deal effectively with Racial Harassment, Discrimination and Bullying**
 - **Promote fairness for Black women workers**
 - **Negotiate for Union Equality Representatives**
 - **Ensure fair treatment of migrant workers**
 - **Organise and recruit BAEM workers into the union**
 - **What to do if the employer will not monitor or conduct an audit**
 - **As part of strengthening action to tackle race discrimination in the workplace, Unite also calls for the Government to ratify and then implement the ILO Convention 190 on Violence and Harassment in the world of work 2019.**

- Unite supports the recommendation by stakeholders in the PHE report of *valuing, supporting and protecting key workers and implementing stronger arrangements for workplace wellbeing such as risk assessments; targeted education; awareness and tackling workplace bullying, racism and discrimination*¹⁰⁵ to create environments that allow workers to flourish and progress. Unite reaffirms our call for a £10 per hour rate of the minimum wage: the distributional impacts of the increase are *progressive across all ethnicities with particularly large net gains per hour worked for Asian workers; migrant workers also make particularly large net gains per hour worked*¹⁰⁶.

Q. The Government’s remit for the NLW is based on achieving a target of two-thirds of median earnings by 2024. Based on forecasts, our current central projection for the April 2024 NLW rate is £10.33. What are your views on this target?

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Q. At what level should the NLW be set from April 2022? Our current central projection for the on-course rate is £9.42, with a likely range of 7 pence above or below this figure.

Unite believes the LPC can be bolder in its recommendation. Workers should not be paid less than the minimum rate needed for them and their families to avoid a life of hardship.

It remains Unite’s view that the NLW should increase to £10 an hour immediately rising to £15 an hour as soon as possible. The rate is distributionally progressive and would benefit the economy as well as improving the living standards of low paid workers. This is crucial to economic recovery. During the peak of the Coronavirus pandemic we consulted Landman Economics on whether, under the current economic circumstances, it would be economically viable to raise the NLW to £10 per hour. The response from Landman Economics was that although the pandemic will affect revenue streams in the short-to-medium

¹⁰⁵ PHE: Beyond the Data: Understanding the Impact of COVID-19 on BAME Communities. June 2020, Link

¹⁰⁶ Landman Economics Report; The economic impact of increasing the National Minimum Wage and National Living Wage to £10 per Hour: May 2018

term due to increased levels of unemployment, increasing the minimum wage will also stimulate consumer spending at a time when this is most needed, help businesses' bottom lines, and grow the economy. **The increase would also improve worker productivity, and reduce employee turnover and absenteeism.**

In the context of the crisis economic recovery will depend on services and consumer spending. Even before non-essential shops opened there was a 12% increase in retail spending and a notable 33.4% increase in online sales in May 2020¹⁰⁷. This suggests the economy can recover from the current crisis and we anticipate this will further improve once the lockdown restrictions in the hospitality sector are fully lifted. We accept there is a great deal of uncertainty and the LPC will monitor the changes in the economy over the coming months, but we also believe low paid workers, many of whom were working in critical roles during the pandemic, should not suffer the burden of this crisis.

"We cannot allow Covid-19 to become a smoke screen to hold back wages. We need a £10 per hour minimum wage now!" - Unite Rep in the Hospitality sector who works as a chef
Unite reaffirms its call for £10 NLW immediately and for the 2024 target to be set at £15 per hour.

4. Young people

Q. What do you think has been the effect of the minimum wage on young people and on their employment prospects?

Unite has heard the experiences of our low paid younger workers who work excessively long hours to make enough to 'get by'. Paying workers substantially less for the exact same job based entirely on their age is neither fair nor justifiable.

Previous research by the Employer's Forum on Age (EFA) has attempted to address some of the common objections to bringing youth pay rates in line with that of adult pay rates. The research found that equalising the development NMW rate with the adult NMW rate would not have detrimental effects. It is worth noting that some of the EFA's members, including Marks & Spencer and B&Q, removed their age bands a number of years ago.

In those areas where youth rates have been abolished via negotiation there is no evidence that this has led to a decrease in employment. Many companies are prepared to abolish youth rates because it aids recruitment, retention, motivation and productivity. Where Unite is organised, part of our bargaining strategy is for the abolition of youth rates where they apply¹⁰⁸.

Despite the introduction of a further age band to the statutory minimum, differentiating pay by age does not appear to have spread as a practice. Indeed, some companies such as Boots have eliminated age rates altogether. Almost all retail catering employers, operate age-related pay structures and these companies have also been the most inclined to implement a further age band for staff aged 21 to 24. Here we have seen that staff turnover is higher.

Our young members have told us that wage discrimination has had a detrimental impact on their mental health, and working relationships. This is particularly the case for those aged 16-18 who can now legally be paid 40% less than those over 25.

¹⁰⁷ ONS: Retail sales, Great Britain: May 2020. [Link](#)

¹⁰⁸ Labour Research Department 2018

Unite commends the LPC for its recommendation to lower the NLW threshold to 23 year olds and the creation of a new 21-22 year old rate. Unite would like to see a more ambitious approach for the NLW. Extending the NLW to younger workers lowers the nominal value of the NLW. This is because younger workers have lower average pay. This scenario implies lower pay for workers aged 25+, and lower overall costs for employers, than would otherwise be the case, albeit it raises pay for younger workers. Unite understands extending the NLW to younger workers has implications for both workers and employers but accepts these 'trade-offs' solely in the context of a rising target.

Unite maintains that the LPC can be bolder. As presented in our submission last year, Unite is confident that an increase to £10 an hour would benefit 9 million workers, 55% of whom are workers aged 21-24, and 78% aged 18-20. The average gain in net income per worker from increasing the NLW and NMW to £10 per hour is just over £1,300 per year.

Increasing the NLW and NMW is a progressive policy in distributional terms, with the largest percentage increases in net household income for households in the poorest decile, especially households with low-paid workers aged under 25.

Q. This year sees the creation of a new 21-22 Year Old Rate, which will remain in place until the NLW age threshold is lowered again to 21.

To what extent will employers use the new 21-22 Year Old Rate?

Unite cannot predict how employers will use the new 21-22 year old rate. As discussed in a previous section, Unite is aware of employers targeting workers in the adult rate of NMW for redundancy. Unite can only assume this is with the intention to reduce wage bills.

At what level should it be set from April 2022?

Unite opposes minimum wage differentials and we would like to see a flat rate of NLW/NMW for all workers to earn equal pay for work of equal value.

When do you think the NLW age threshold should be lowered to 21? What factors should we consider in making this decision?

As above, Unite believes the age threshold should be abolished all together.

Q. At what level should each of the other NMW youth rates (the 18-20 Year Old Rate and the 16-17 Year Old Rate) be set from April 2022?

As above.

5. Apprentices

Q. What is the outlook for the recruitment and employment of apprentices?

Currently recruitment and employment is varied throughout sectors as regional and national lockdowns have limited business activity in some sectors. In construction, JTL apprentice recruitment has been buoyant and they hope to meet the annual target. Overall, across all apprenticeships in England there has been a drop as a negative effect of the pandemic. The latest statistics (as of 27th May 2021) for England, first 6 months of 2020-2021 academic year – August 2020 to January 2021¹⁰⁹, show:

- Apprenticeship Starts (Aug 2020-Jan 2021) – **161,900, down** by 18.5% from 2019/20 Q2;
- Learner Participation (Aug 2020 to Jan 2021) – **575,900, down** by 8.3% from 2019/20 Q2 (Participation means the total number of apprentices currently in training);
- Achievements (Aug 2020 to Jan 2021) – **59,400, up** by 0.3% from 2019/20 Q2.

The introduction of the Kickstart scheme for 16-24 year olds will give employers an option to either offer valuable work experience to young people with a route to employment or further 'on the job' training through the apprenticeship scheme or exploit the scheme as a quick fix for staffing shortages and dispose of trainees after the 6 month shelf life. Unite hopes employers will do the right thing and choose the former. When done the right way, apprenticeships are an excellent way for employers to develop new talent by offering quality and targeted on the job extensive training.

Q. What have been the impacts of recent increases in the Apprentice Rate? 17 At what level should the Apprentice Rate be set from April 2022? Should we go ahead with our intention to equalise the rate with the 16-17 Year Old Rate next year?

The apprenticeship rate increased from £4.15 to £4.30 on 1st April 2021. Considering the very low rate, Unite doubts the increase of 15p per hour has had any significant impact.

It is Unite's view that the apprentice rates should be abolished, and, as the very bare minimum, individuals should immediately receive the NMW/NLW applicable to their age group from the outset. This is the rate paid under the Kickstart scheme which is funded by the Government and Unite believes trainees under both schemes should have the same entitlement.

Unite strongly believes the low wages suffered by many apprentices is tantamount to exploitation, and we have raised these concerns in our previous submissions to the LPC. Good employers, who rightly invest in apprenticeships and training and pay a fair wage to their apprentices, are being undercut by unscrupulous bosses who are exploiting the apprenticeship system and failing to pay the statutory minimum.

Research by the Young Women's Trust found that 49% of apprentices struggle to cover the cost of transport to work as well as basic living costs 42% were spending more on the role than they earn¹¹⁰. Additionally, there remains a serious concern of underpayment with many apprentices not being paid the relevant National Minimum Wage applicable to their age let alone trade union negotiated rates of pay, allowances and benefits.

¹⁰⁹ Source: <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships-and-traineeships/2020-21>

¹¹⁰ HR Magazine: Apprenticeship pay too low say MPs. March 2018 [Link](#)

The apprenticeship brand should be about quality, skills and attaining a recognised occupation. As it stands the apprenticeship rate is unrealistic, and acts as a disincentive to some people to follow a pathway that they may genuinely be interested in, due to unsustainably low pay. This is particularly for older workers who have families and homes etc. to support.

It is not right that in the same classroom of apprentices, some will be on the 'going rates' collectively bargained at industry level under the construction national agreements with allowances, benefits, overtime and shift premiums, whilst others sit alongside them without the luxury of an employer in-scope to the agreements who follows the absolute bare minimums (or worse) because they can get away it, earning NMW, with no benefits or allowances corresponding to their classmates.

Summary and recommendations:

- Unite calls for the monitoring of apprenticeship standards and frameworks, their delivery and outcomes, through to ensuring contracts of employment are in place, and confirming correct PAYE employment status.
- With the above point in mind, Unite believes there is an opportunity for the pay of apprentices to be objectively monitored within the established quality assurance process by simply requiring Registered Apprenticeship Training Providers as part of their contracts with government to audit wage slips and payrolls whilst undertaking their other duties in regard to training and assessment, quality and compliance.
- The governing of the quality of apprenticeships should incorporate all relevant stakeholders at sectoral and industry levels in order to ensure a robust apprenticeship system is in place based upon, and seeking, consensus and social partnership for world class apprenticeships. This is the social model in many advanced western economies, including Germany.
- As a starting point, the pitiful NMW for Apprentices, which currently stands at £4.30 per hour, should be scrapped, as recommended by the Education Select Committee, and apprentices entitled to the hourly rate commensurate with their age as a bare minimum.

6. Compliance and enforcement

Q. What issues are there with compliance with the minimum wage and what could be done to address these?

The ONS' Annual Survey of Hours and Earnings (ASHE) provides a proxy measure of both the scale and nature of non-compliance with the relevant statutory minimum wage. In April 2020, ASHE data estimated that there were around 38,000 jobs paid below the applicable minimum wage rate and non-compliant with minimum wage legislation in the hospitality sector, and 3,000 in the leisure sector. This excludes individuals who were furloughed, as they would not have been working at that time¹¹¹.

Throughout this submission Unite has given examples of compliance issues made more apparent or prolific within the context of a pandemic. Below are further examples from the agricultural and hospitality sectors:

Agriculture

Under-payment:

A woman worker had worked for a farmer for up to 20 years without proper payment. She received 'payment in kind' – she had tied accommodation and was allowed to keep a horse in one of the farmer's fields. She worked with livestock, with duties including raising calves; she also did the farmer's cooking. She was being paid, from time to time, but not at the proper rate for the job. The union rep notes that this casual arrangement is not unusual, particularly in the livestock section.

Excessive hours and underpayment

A dairy farm in the organic producing sector struggles to retain workers. The workers are on permanent full-time contracts and are paid a salary. But the expectation of hours to be worked means they may be struggling to reach minimum wage. Basic hours will be 7.30am to 7.30pm, with an hour's lunch break, meaning an 11-hour day, five or six days a week. At job interviews, 'certain hours' are mentioned along with the salary but the hours that workers are expected to meet never match what was mentioned in the job interviews. The long hours are all year round, not the seasonal longer hours that would be expected during harvest periods.

Bogus self-employment

Farm workers are being employed through agencies and being designated as 'self-employed' when they are permanent full-time workers. Unite has heard from a union rep working on a farm where a series of workers were employed through an agency for the role of cowman's assistant. Those working full time were deemed to be self-employed. They were expected to work on the farm every day, every week, for 60 hours a week. Timesheets went to the agency; the agency issued pay slips. The justification given by the employer was that he wanted to avoid paying pension, by avoiding the threshold of number of employees before becoming liable to pay pensions. After the law changed and he was required to pay pension he continued to use a worker on a self-employed basis, in order to avoid paying holiday and sick pay. One of these workers continued in a single role, of cowman's assistant, for at least three years. There is a high turnover of workers. Our rep says his employer is not the only farmer employing people in this way; he notes: *'It's a business model – there is a group of farmers doing this'*.

¹¹¹ - <https://questions-statements.parliament.uk/written-questions/detail/2021-05-18/HL376>

Discriminating against migrant workers in accommodation provision:

Unite received member complaints concerning a major fresh produce grower supplying major supermarkets in relation to provision of accommodation for seasonal workers who were being 'housed' in caravans. Following complaints from workers who were UK nationals, the employer transferred the UK nationals to newer caravans off-site with better facilities, whereas the same complaints by EU nationals were ignored. During the pandemic workers also complained about inadequate health and safety with no proper social distancing measures applied.

Overcharging for accommodation:

A major global fresh produce grower with a site in Wales where pay and conditions set by Agricultural Advisory Panel for Wales should apply, was overcharging a worker for accommodation – under AAP the maximum an employer can charge is set at £4.82/week, but the worker had £57.40 deducted each week, the rate that applies to workers in England under NMW. Workers were receiving a free £5 electricity voucher per accommodation unit, and when this ran out they would have to buy another £5 voucher from the employer. This worker also reported being required to stay behind after work on a regular basis for between 5 and 25 minutes, unpaid. The worker raised complaints with employer about this and other issues, and was then told there was no more work and had their contract terminated.

Hospitality

Robbing Peter to pay Paul – abuse of the tronc system

Unite members at The Ivy in Glasgow have lodged a collective grievance¹¹² to their employer (Ivy Collections) over, amongst other things, the lack of transparency in their tipping system which sees less than a third of the 12.5% gratuity actually go to the workers who earned it. "Commission", as the company refers to it, is being used to top-up the salaries of the most senior managers in order to save the company thousands in wages. When the NMW was increased to £8.72 in April 2020, the "commission" was reduced accordingly, meaning that staff saw no real increase. The company refused the collective grievance on a collective basis and has asked each and every signatory to submit individual grievances without providing assurances around protection from victimisation.

In Pizza Express a recent decision to decrease the share of tips allocated to front of house staff has resulted in an average loss of £2000 per year in income for waiters and waitresses whose wages are pegged to the National Living Wage and who receive a lower hourly rate than their back of house colleagues now receiving an increased share of tips. The result for waiting staff who have been on furlough for over a year on 80% of minimum wage with no compensation for loss of tip income is that the total 70p an hour value of the 2020 and 2021 uplifts in the National Living Wage have been entirely wiped out, with many staff now in a worse financial situation than prior to lockdown, completely undermining the spirit of the increases recommended by the LPC. This was a trend started by TGI Fridays and followed by Carluccio's. With Wagamama not set to follow Pizza Express it seems there is a definite race to deny waiting staff any benefit derived from the National Living Wage.

Pizza Express

In August 2020 casual dining chain Pizza Express fired 2,500 workers who could have been furloughed as it made plans to permanently close 67 restaurants across the UK in response to the coronavirus pandemic. As restrictions eased and restaurants reopened, Pizza Express increased its tip deductions from waiting staff from 30% to 50% in order to boost the wages of kitchen workers by depriving minimum wage waiting staff a significant chunk of their income.

A few months after announcing redundancies, the company sought to recruit 1,000 workers. Rather than pay kitchen staff competitive wages to attract applicants, Pizza Express is boosting back of house pay by depriving its minimum wage waiting staff of their hard-earned tips.

The Tronc system should be completely independent from the employer as tips are earned by waiting staff through hard work in often stressful working conditions; it is a reward given freely by customers.

We wouldn't accept or expect individual bonuses earned in other, higher paying sectors, to be taken from employees and shared with the rest of the workforce, yet the practice of stealing tips through controlling what is meant to be an independent Tronc system is rife in the hospitality sector.

Worker testimony – Pizza Express

I am a member of staff at Pizza Express and a member of Unite in a class action grievance letter.

Before the lockdown tips were half of my earnings. Since May 17th they are approximately 7 - 10% of my earnings. In the space of a week, restaurants have been made cashless and payments are encouraged to be faceless and online via an app, which circumvent tipping altogether. Pizza Express also fudged tronc guidelines in having an unelected committee contrive to vote in favour of splitting the credit card tips equally between front of house (FOH) and back of house (BOH) instead of the previous 70/30 split, so as to avoid having to pay greater wages to attract more employees. BOH are paid more than FOH per hour.

The reduction to earnings is approximately 40% in my case. Living in London that is untenable now. And it's not as simple as 'get another job' as I am midlife and have dedicated my life to service and don't have some essential other skills/ sets or experience to fall back on in the short term. Other restaurants are no better at handling servers' gratuities.

The scandal for me is that the committee decision was shaped and manipulated purposefully. The Tronc committee is supposed to be 'separate' to Pizza Express so that it can't be influenced. But the committee were asked to consider leading and incomplete questions that excluded a variety of factors that would have led to a fairer decision/result. The committee didn't canvass employees at all. All meetings were behind closed doors, no minutes of the meetings and no information about the committee who represent us! We get a stone wall of denial and odd deflection/rationalisations. Out of 8500 staff it is estimated that a small handful of less than a dozen knew of the upcoming meetings because only two notices were placed obscurely to satisfy 'guidance' so effectively no one took part. The outcome has been blatantly coerced. Now the language that is used to defend the 50/50 splitting of tips states we are all equal and it is fair.

A customer's relationship with their server primarily determines if a tip is left. The previous split of 70/30 acknowledged BOH contribution. The whole tronc decision making process does not consider what a customer leaving the funds 'wants',

therefore the customer has some expectation about how much of their £5 credit card tip goes to their server and the vast majority are shocked to know it's approximately £2.

The cashless restaurants; faceless online payments; and 50/50 Tronc 'heist' leaves a huge swathe of people struggling with financial commitments they can't meet. There are now far fewer tables in a section due to social distancing measures which may not ever change back.

Unite has long campaigned for fair tips legislation and for this to include a statutory code to provide access to remedy for workers who believe Tronc decisions are being unfairly manipulated to the benefit of their employer. However, despite government promises to tackle employer tip abuses in 2016, 2018 and during the Queen's Speech in 2019, the Government has failed to legislate on this. In addition because tips, which often make up 50% of earnings, could not be counted towards average earnings for the purpose of furlough, many workers who were furloughed have lost out on hundreds of pounds in earnings.

Discrimination in breach of the Equality Act:

The sector has a diverse workforce, predominantly female, BAEM and migrant. We have seen little evidence of any of the redundancy and restructuring process being subject to any sort of equality impact assessment. Workers with English as a second language have been particularly disadvantaged with employers failing to provide translation of announcements or key documents and refusing to provide interpreters at one to one consultation meetings.

There has been a huge disproportionate impact on women and single parents with workers being told that to retain jobs they have to be fully available to work hours as dictated by rotas issued on short notice and previous flexible working arrangements to assist with family and domestic arrangements being unilaterally rescinded.

In Pret a Manger the selection criteria for redundancy automatically deducts 50% of available points from those who cannot comply with flexible rota requirements, automatically excluding large numbers of staff with parental responsibilities from any prospect of retaining employment.

Claiming CJRS for jobs which no longer exist:

The job retention scheme was introduced to assist companies in keeping workers in employment. When the Government announced that employers would have to pay a contribution in September and October 2020 Unite witnessed a scramble to make as many positions redundant before the end of August 2020. In every collective consultation and every one to one with workers reps and workers themselves argued that keeping workers on furlough until the end of October 2020 was a reasonable alternative to immediate redundancy. In every consultation this was being rejected and workers were being told this is absolutely impossible and the by the end of August their job would no longer exist.

Yet, in almost every instance, hospitality employers made no secret of their intention of taking full advantage of the weakness in CJRS rules which allows them to claim for notice and holiday pay. Workers who were told categorically that remaining on furlough was not an option were later told they will remain on furlough until the end their notice period so that it can be underwritten by government subsidy through CJRS. Some workers with 12 or more years' service were being told they will remain on furlough until the scheme ends. To add further to this, in almost every instance workers were being told that their employer would exercise their option to allocate outstanding accrued holiday during the notice period again in order

to have this underwritten via CJRS. Workers who have lost their jobs are being told that they remain under contract during the notice period and if they find employment before the expiry of their notice they will be terminated without further payments.

What could be done to address these issues of NMW compliance?

Unite suggests a number of proposals in its submissions to the DLME calls for Evidence, the Taylor Review, and to previous LPC consultations.

Unite notes the interplay between a range of factors behind effective enforcement. These include:

- Trade union access to unrecognised workplaces;
- Fully resourced and strengthened labour market enforcement bodies, and regular monitoring;
- Labour rights compliance under public procurement rules;
- Statutory collective bargaining across sectors, and the reinstatement of statutory pay-setting for agriculture in England, including the reinstatement of statutory rights to holiday pay and sick pay as under the former Agricultural Wage Boards.

Supply chains

Fragmentation of employment relationships (outsourcing, franchising, use of labour market intermediaries) has made it even more difficult for many workers to enforce their rights. Workers can struggle to identify their employer due to complex supply chains. Economic employers are using a range of strategies to transfer accountability to other parties, meaning they have little legal responsibility for the people who work for them. **Unite advocates the strengthening of the Modern Slavery Act to include tougher enforcement and accountability in supply chains.**

Union access

Enforcement of the minimum wage would be greatly improved were trade unions to have access to workplaces. Improved access would allow unions to inform workers of their rights and critically encourage efforts to ensure the enforcement of those rights. Trade union representatives save both time and money for improving workplace relations and enforcing best practice. An important step forward for the role of trade unions would be the reinstatement of trade union representatives on the GLAA Board, amongst other steps.

The role of the public sector

Unite seeks the return of social care to the public sector and as part of this, the social care workforce to be brought under a national collective bargaining agreement.

Better resourcing of enforcement bodies

We need better funding of the state-led enforcement system. Long-term, sustained funding would allow enforcement bodies to recruit and train proper workplace inspectors, inspect more workplaces, and prosecute unscrupulous employers. Currently the UK has insufficient inspectors; there are roughly 40,000 employment agencies operating in the UK, but we only have 19 EAS inspectors.

Q: What comments do you have on HMRC's enforcement work?

As noted in the Director of Labour Market Enforcement's Strategy 2018/19, HMRC's minimum/living wage enforcement capacity is so under-resourced that "*the average employer can expect an inspection around once every 500 years*". This degree of under-resourcing brings into further question the Government's commitment to tackling labour exploitation of which wage theft is a significant part. Lack of resources for this key agency exemplifies how the current labour inspectorate system is structurally inadequate to the vast scale of labour rights abuses.

What is needed is a strong and well-resourced system of enforcement to adequately enforce against the increasingly fragmented labour market with increased use of outsourcing, complex supply chains and a range of labour intermediaries and 'race to the bottom' employment practices which are enabling underpayment of NMW/NLW and exploitation of workers by allowing unscrupulous employers to 'outsource' employment rights obligations.

While Unite supports the coordinating role of the DLME, we oppose the creation of a single enforcement body made up of already under resourced GLAA; HMRC NMW enforcement and the Employment Agency Standard Inspectorate. Unite sees the focus of the Body will be diverted away from enforcing labour rights to the service of an anti-immigration agenda, with no firewall or 'safe reporting' mechanisms to prevent workers who report labour abuses from becoming criminalised due to their immigration status, creating fear and preventing workers suffering exploitation and abuse from coming forward. Ties between immigration enforcement and employment rights enforcement should be severed. Intelligence sharing and joint investigations are commonplace. This is counterproductive as workers are deterred from making complaints as they fear being referred to immigration enforcement. Joint working should cease and a firewall between immigration enforcement and employment rights enforcement agencies should be established.

Two years on from the proposal of changes to enforcement, there is no clear timeframe to the implementation of the new system of enforcement neither has there been any announcement of extra funds to better resource enforcement. Unite is also concerned over the continued delay in appointing a new Director of Labour Market Enforcement, a role essential for setting the overall strategy for the enforcement bodies.

Unite repeats our urgent call for a better system of enforcement that is properly resourced to do the job, along with additional awards and penalties, including naming schemes. Unite recommends that the Government commits to making substantial increases to current funding for monitoring and enforcement of the NMW especially needed now that a single enforcement body is being introduced. Unite also recognises the urgency of enforcement in high risk sectors such as the hospitality, agriculture and food production industry.

Summary and recommendations:

- Sector wide collective bargaining, along with proper employment protection, can help address undercutting and exploitation in labour markets and the unfair treatment of migrant workers and agency workers.
- Modern Wages Councils - including for low paid sectors – should be part of the Government's Industrial Strategy (or whatever replaces it following the abolition of the Industrial Strategy Council) and the LPC should have a role in bringing sectors together.
- ACAS should have its duty to promote collective bargaining restored and fair wages resolutions should be re-introduced in public procurement establishing a wage floor on the basis of the relevant collective agreements.

- Unite calls for an amendment to the ACAS Code of Practice to allow for collective grievances and representation to be recognised in law.
- Enforcement agencies cannot effectively ‘police’ against labour abuses. Trade unions and collective bargaining are an important part of addressing the imbalance of power that exists in the world of work. Trade unions need to be part of the policy response in addressing the challenges of the modern economy.
- In addition to strengthening workers’ ability to organise and bargain through trade unions, the Government must also strengthen other economy-wide mechanisms for enhancing worker voice. This includes requiring companies to include elected worker representatives on boards.

8. Live-in domestic workers

Q. Under section 57(3) of the National Minimum Wage Regulations 2015, work done by a worker in relation to an employee’s family household is exempt from the NMW if the worker lives with the employer and is treated as a member of the family. What evidence do you have on the use of this exemption? We are particularly interested in evidence on the characteristics of workers affected; and the prevalence of its use.

Section 57(3) of the NMW regulations 2015 has created a significant barrier for vulnerable and marginalised migrant domestic workers (MDWs) to seek and assert their legal rights and protection from exploitation. Migrant domestic workers work are in total isolation, this isolation is often further compounded by language and cultural barriers.

Migrant domestic workers often women and as such the exemption has been ruled discriminatory, as reported in *Puthenveetil v Alexander, George & Secretary of State for Business, Energy and Industrial Strategy* 2361118/2013. These workers are often from the global south and from poor families. MDWs are at greater risk of labour exploitation and abuse than workers in most other occupations. They are subject to wrongful non-compliance of the National Minimum Wage, long working hours as well as verbal, physical and sexual abuses and are at high risk of modern slavery¹¹³. The modern slavery risk for MDWs has dramatically increased during the Covid-19 crisis as they are not entitled to furlough pay and not registered as self-employed. During the outbreak we have seen how the care economy has acted as a ‘shock absorber’. While health-care workers have been rightly recognized during the Covid-19 crisis, domestic workers have remained a hidden and unrecognized workforce.

Unite has long argued over the incorrect application of the ‘family worker’ exemption to migrant domestic workers in relation to NMW. The Overseas Domestic Worker Visa is clear that they are workers and not family members. Unite has again heard harrowing testimonies of abuse, destitution, significant underpayment of the minimum wage, and recurring exploitation. These include:

- Many MDWs being infected with Covid-19 because they were having to work without PPE and the NRPF¹¹⁴ conditions meant they weren’t able to access free healthcare.
- Working up to 16 hours a day, 7 days a week for up to £250 per week.
- Being ‘asked’ not to exercise their day off and threatened with being made homeless if they do.

¹¹³ The Voice of Domestic Workers, 2016. ‘6 years on from the Tied Overseas Domestic Worker Visa’. [Link](#)

¹¹⁴ No Recourse to Public Funds

'My employer brought me here in the UK last 2018 from Doha, Qatar on an overseas Domestic Worker Visa. But this employer had a brother who punched me and raped me, then threatened to kill me if I tell anyone. I had to escape because of this violence. I had to move on but I never have had an employer that treated me good so I always ended putting up with abusive family that somehow I thought this is normal in the UK.

I found this new work situation. I start to work from 7.30 am to 11.30 pm. This family always host party even during the lockdown. The dog is an additional burden because this dog sleeps with me in a single bed. It's a big dog so only half of my body on the mattress and half on the chair. This dog always barks if no one near him so employer said the dog has to sleep beside me. It's restless nights for me after long hours work every day for 6 days. I couldn't fight back or complain because of my immigration status. I calculated a total of 96 hours for 6 days work. I am receiving £400 per week which means my per hour work is only £4.16 and this was worst during the lockdown because I had to work during my day-off instead of resting, even they forbid me to go out because of Covid-19, but they received guests at least 4 times a week even during lockdown.' **Anne, migrant domestic worker**

'I left the previous family, after I was infected by Covid-19, who forced me to take care of the family infected with Covid-19. In that family, I worked very long hours from 6 am to 10 pm and often shouted at for every little mistake I made. I could take the abuse but dying for them is something I couldn't take anymore. I found a new family mid-January 2021. In the first few weeks they were good and promised me that they would treat me like a family member, but I don't know what does it mean to be like a family member, I was hoping it's not slavery but a little kindness. I'm a nanny to twin babies and all general housework is also on me. This is my daily routine – I would wake-up at 5 am and start work at 5.30 am. I clean the playroom first until the babies wake-up at 6 am, I feed them with milk and play with them until they sleep at 9.30 am. I rush to do the household chores – cleaning around the house. Babies wake-up at 11.30 am and I feed them again, then they sleep at 2.30 pm to 4 pm, where I continue to do the chores including the laundry and ironing. When babies wake-up I will feed them again and play until it's time for them to have dinner and bath at 8 pm, then put them to sleep at 9 pm. To me this is not the end of my work. I have to sleep with the babies at night time so this is a 24 hours work. Babies would wake-up 5-6 times in the night and would cry when wet and hungry, I couldn't have a proper sleep. I began to feel backache and headache which I'm worried about. My average sleep each day is only 2 hours so I am working 22 hours for 6 days a week for only £450 per week which my per hour rate is only £3.40 per week. I complained but the male employer shouted at me and threatened me that he would call the police. Is it wrong to complain that I also need to rest? Is it wrong to ask for a proper wage? Even if they stop me, I will still leave because I have only one life and I have family back home to feed.' **Jenny, migrant domestic worker**

Unite also heard the testimony of 'Lyn' a migrant domestic worker who survived modern slavery only to be re-exploited by new employers;

Family 1: *I was rescued by police from a family who brought me to the UK from Dubai. Police also referred me to the National Referral Mechanism (NRM) where I received a positive reasonable ground decision [meaning Lyn was formally recognised as a potential victim of modern slavery/human trafficking]. I was working from 6 am to 10 pm as nanny to 3 children, ages 13, 11 and 5 years old and general housework. At times when the children were at school, I would do the cleaning, laundry, ironing and cooking. But all this work was unpaid. I was given once £50 pounds as reward for teaching the 5 year old child to cycle. There was one person who witnessed this abuse and reported it to the police. My employer was taken to a police station and interviewed but during this questioning my employer told police that I volunteered to come to the UK with them and that I am part of their family. My employer*

showed my photo smiling while I was playing with the children. I think for this reason that I received negative conclusive ground decision in NRM. The authority believed the employer. How could all those hard work and heavy responsibility without pay not be abuse? Is free labour not slavery and is slavery not a crime?

Family 2: *When I left that employer, I managed to find a new job as a carer to an elderly person and where I also had to do general housework and cooking. I was promised £500 per week for 5.5 days work but on actual work I was paid only £250 for 7 days work and for 12 hours work per day. My hourly rate was only £2.97. Again, I had to leave this employer.*

Family 3: *I was working for this third [employer] before lockdown. My main responsibility was caring for an elderly family member and it's tough because my work is almost 24 hours because I'm on duty day and night. Before lockdown I had one day off every month, but during lock down, I was threatened not to return at work if I exercise my day off, so rather than losing job and become homeless I agreed to stay in lockdown for 15 months which meant I had to work even on my day off. To continue supporting my family, I was working 105 hours per week and my hourly rate is only £3.80. Despite having the right to work when I received my positive reasonable ground decision, this didn't guarantee me fair wages because all these employers abused me and didn't pay me properly and one didn't pay at all. Being a live-in domestic worker makes me more vulnerable because I am dependent on employer in terms of work and living. I am a mother of 3 children so even it's very difficult situation I had to put-up because I don't want my children to suffer hunger and destitution.*

Failures in the provision of support for victims of modern slavery coupled with the wrongful exemption from NMW regulations allowed under section 57(3) of the National Minimum Wage Regulations 2015 have allowed for many migrant domestic workers like Lyn who are working in exploitative conditions. While their employers may change, the working conditions described by Lyn are the rule rather than the exception for migrant domestic workers. It must also be recognised that the nature of domestic work means these workers are only ever able to challenge NMW abuses when they leave their employer to work for someone else which the 6 month time limit effectively prevents from being enacted.

Amendments to the visa regime for employing migrant domestic workers came into force in 2015, requiring employers to confirm that they will pay their worker the NMW. However this long anticipated reform proved to be another blunt instrument as it fails to address the section 57(3) loophole within the NMW Regulations 2015. Furthermore, the amendment does not cover those who came in under the old overseas domestic worker visa, nor does it affect those who are present in the UK via other routes, including UK and EEA citizens.

Summary and recommendations:

- Unite remains concerned that migrant domestic workers continue to be wrongly denied the NMW using the 'family members' exemption. This must be addressed. Therefore, Unite calls for clear formal recognition that the requirements of the overseas domestic worker visa preclude a 'family membership relationship' and this must be properly reflected in BEIS and HMRC guidance and a helpline is set up to provide advice to migrant domestic workers.
- Unite calls for a clarification in the law that employers may be prosecuted for not paying the NMW whether their workers have legal contracts or not. Unite would also like to see a situation whereby a trade union can take representative action on behalf of a group of workers to an Employment

Tribunal and that in such instances HMRC enforcement officers should have access to such workers if they are detained in immigration centres or in prison.

- Unite calls for better safeguarding of domestic workers and tough penalties for employers who abuse their domestic workers indiscriminative of workers' immigration status. Unite believes domestic workers should have the right to leave their employer without prejudice from draconian immigration policies.
- The International Labour Standard ILO C189 was adopted on 16th of June 2011 with the aim of protecting over 53 million domestic workers worldwide. However, the UK was the only country member of ILO who abstained from voting for the convention claiming " *The UK already provides comprehensive employment and social protection to domestic workers and we do not consider it appropriate or practical to extend criminal health and safety law, including inspections, to private households employing domestic workers*". In 2012 these labour rights and protection were scrapped by the Government. Unite calls on this Government to do the right thing and ratify ILO C189, for decent work for domestic workers.

9. Miscellaneous

Q. Is there any other evidence, not touched on in the questions above, which you wish to share on issues relating to the NLW/NMW?

Freeports

The Government has claimed Freeports are about levelling up across the country, yet no impact assessment has been done by the Treasury. Unite is very concerned that the development of Freeports must not be used to attack workers' rights; allow undercutting or undermining of existing workplace rights, working time and employment conditions or pay and that all collective bargaining agreements are respected. **Exploitative employment practices, including precarious work, zero-hours contracts, disguised employment status of workers and underpayment of NMW/NLW must have no place in Freeports.**

This response was submitted by Unite the Union

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