



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

July 2020

This has been submitted on behalf of Unite the Union

Requests for further information should be sent to irina.docarmo@unitetheunion.org

Executive Summary

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 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.

It is Unite's view that the National Living Wage should increase to £10 per hour as soon as possible. The rate is still distributionally progressive and would benefit the economy as well as improving the living standards of low paid workers.

Unite has raised the following priorities:

- **Increasing the minimum wage:** Low paid workers must be lifted from in-work poverty and raising the rate to £10 will improve greatly their living standards. In 2018
- Unite commissioned Landman Economics to carry out an economic analysis of the potential economic impact of increasing the National Minimum Wage to £10 per hour as a flat rate in the UK. The report which followed this analysis found that increasing the NMW/NLW to £10 an hour for all workers aged 18 and over would yield an average gain in net income per worker of just over £1,300 per year. This year and during the peak of the Coronavirus pandemic we consulted Landman Economics to ask if this would be economically viable under the current economic circumstances, Landman Economics has responded 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 low paid workers, many of whom were working in critical roles during the pandemic, should not suffer the burden of this crisis.
- **An average wage families can live on:** Work should be a route out of poverty, yet in-work poverty has risen from 39% 20 years ago to 56% in 2019¹. 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

¹ JRF: Poverty in the UK 2019-2020.

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 will help to ensure that workers and their families are able to achieve the secure foundations needed to flourish.

- **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 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:** The number of people employed on zero hour contracts was at a record high of 974,000 in 2019, a 15.4% increase from the previous year. 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 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 a day-one right to a written statement setting out pay and conditions, including expected hours of work.
- **The right to a minimum hours contract:** Unite believes there should be a statutory right to an employment contract that reflects an individual's normal hours of work and a statutory minimum contract of at least 16 hours which can only be reduced by the individual worker, accompanied by their union representative, requesting to opt out and take fewer hours. 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 we remain concerned about the discrimination and lack of

progression of BAEM workers and call on the Government to legislate to tackle ethnic disparities in the workplace by introducing mandatory ethnicity pay gap reporting for all employers.

- **Women in low pay:** Unite recognises that more women are in employment than ever before, but we are 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 a £10 per hour increase 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. 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 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 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 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 fully receiving at least remuneration to the statutory minimums. Unite again calls for the apprentice rate to be set at the NMW for 16-17 year-olds.
- **Rights of access for trade unions:** Trade unions are at forefront in the fight for better wages, parental rights, holidays, discrimination and sickness pay. 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 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. 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 be recognised in law.
- **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 indiscriminate of workers' immigration status. Unite believes domestic workers should have the right to leave their employer without prejudice from draconian immigration policies. Unite continues calling to reclaim the rights of migrant domestic workers in the visa to ensure its role in prevention of exploitation and abuse.

- **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 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, 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.
- **Increasing the resources of enforcement agencies:** Unite supports measures to encourage better enforcement by state bodies that are properly resourced to do the job, along with additional awards and penalties and including naming schemes. Unite recommends that the Government commits to making substantial increases to current funding for monitoring and enforcement of the NMW. Unite also recognises the urgency of enforcement in high risk sectors such as the hospitality 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 advisory role – investigating the causes and consequences of low pay.

Overwhelming for this submission our low paid workers, who have been critical workers during this pandemic, are saying:

'To be called a "key worker" and "hero of the nation" and clapped for feeding the country is nice, but having decent wages to put food on our own tables and to recognise our struggles and the hard work we put into our shop floors would be a thing to remember.'

1. Economic Outlook

Qs: What are your views on the economic outlook and business conditions in the UK for the period up to April 2021? We are particularly interested in views on the following:

Conditions in the specific sector(s) in which you operate, as well as for the economy in general.

- 1.1 The latest headline labour market figures appear to suggest that the Covid-19 pandemic and lockdown have had only a limited impact on jobs², this may be attributed to the CJRS which was set up to protect jobs during the peak of the Coronavirus crisis, covering 8 million workers. However despite the scheme employment numbers have dropped by 600,000 during the lockdown period March to May³ and Unite is receiving almost daily announcements of job losses in sectors such as manufacturing, aviation, hospitality, warehousing, retail and construction. But it has also been the case that Unite has successfully averted a significant number of redundancies through negotiating deals with employers across these sectors. 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 freeze⁴. However Unite has also seen many employers in across food production awarding bonus. However Unite has also seen many employers in across the food production awarding bonus payments in recognition of hard work during the pandemic. The furlough scheme has enabled many employers to save on their paybills and employers in retail have received significant tax breaks, as was the case with Tesco who received a total £585 million through business rates break while simultaneously paying shareholder dividends of up to £635 million and awarding a two moth 10% bonus to workers⁵.
- 1.2 Where pay settlements were negotiated, LRD's *Workplace Report* for May noted an improvement in April, due largely to pay deals in the public sector and services industries. As reported in the LRD's *Payline* database (see table below), the median pay increase in April was 2.7% — up from the 2.5% for March. In the private sector the median pay increase remained at 2.5% in April, but for the public sector there was a notable increase to 3.0%. April is a popular month for pay setting with nearly half of all awards across the economy usually taking place at this time, so the latest figures are a key indicator of how employers are responding. Furthermore, the LRD Workplace Report also found that for the lowest basic rates (by agreements covered) the percentage increases in stayed at 2.7% in March and April.

² TUC: Labour market on red alert. 16th June [Link](#)

³ ONS: Labour market overview, UK: June 2020 [Link](#)

⁴ XpertHR Press Release, 23 June 2020

⁵ The Guardian: *Tesco defends £635m dividend payout after coronavirus tax break.* [Link](#)

Table 1: LRD’s Payline Database increases on lowest basic rates

Percentage increases on lowest basic rates (by agreements covered) for the three months up to and including:

For the three months up to and including:	2019								2020				This pay round, Aug-Apr
	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
All agreements	2.8	2.8	3.0	2.9	2.8	2.7	2.8	2.6	2.6	2.5	2.5	2.5	2.6
Private sector	2.7	2.8	3.0	3.0	3.0	3.0	2.9	2.8	2.5	2.5	2.5	2.5	2.5
Public sector	3.0	3.0	2.5	2.5	2.5	2.6	2.6	2.6	2.8	2.8	2.8	3.0	2.7
Manual	2.8	2.8	3.0	3.0	3.0	2.9	3.0	2.9	2.5	2.5	2.5	2.5	2.6
Non-manual	2.7	2.7	2.7	2.6	2.7	2.7	2.7	2.6	2.5	2.6	2.5	2.6	2.6
All industries	2.7	2.7	3.0	3.0	3.0	2.9	2.8	2.8	2.5	2.5	2.5	2.4	2.5
All services	2.8	2.8	3.0	2.7	2.7	2.6	2.7	2.6	2.6	2.7	2.6	2.9	2.8

Source: LRD Workplace Report, May 2020

1.3 Notably pay awards in some sectors were boosted by employers’ responses to the latest increase in the NLW on 1 April 2020. According to IDR thousands of workers operating under the *British Furniture Trade Joint Industry* agreement received an increase in pay for precisely the value on NLW. In food retail employers like Lidl are going beyond the NLW increasing pay for their hourly-paid workers to match the *Real Living Wage* of £9.30⁶.

1.4 IDR reports that at the higher end of the distribution the number of awards worth 3% or more has fallen slightly overall from over a quarter to less than a fifth (19%). However, the proportion of increases above 4% has risen – up from one-in-twenty in the three months to March to nearly a tenth of awards in its latest sample. On pay, the headline figures including bonuses fell by 0.9%, the largest falls have been in industries where low pay is most prevalent. The rate of inflation continues to fall steeply on both the RPI and CPI measures.

Table 2: Pay awards in the three months to the end of April 2020

	Whole economy	Private sector	Manufacturing and production	Private services	Not for profit	Public sector
Lower quartile	2.0%	2.0%	2.4%	2.0%	2.0%	1.7%
Median	2.5%	2.5%	2.8%	2.5%	2.0%	3.0%
Upper quartile	3.0%	3.0%	3.0%	2.9%	2.8%	3.0%

Based on 69 pay awards covering 2,489,102 employees.

Source: IDR Viewpoint, May 2020

1.5 Where Unite has bargaining power, we have negotiated above RPI pay settlements at rates between 2.5% to 3.3%, the highest rates being in the finance sector where for the lowest paid workers the pay scales were in line with the *Real Living Wage* (Table 3). During the pandemic Unite has successfully negotiated a significant number of bonus and pay enhancement agreements for key workers across various employers averaging 10% and up to £500 in monetary value and for workers on minimum wage, Unite has negotiated rates at least at the NLW (Table 4).

Table 3: Unite settlements significantly above RPI in the last three months

⁶ IDR Viewpoint, May 2020

Agreement	Sector	Start	Description
Vaultex	Finance	01/04/20	A 3.3% increase to all pay scales from 1 April 2020 in line with the Real Living Wage. All staff on the previous minimum uplifted to the new minimum of £16,926. Level 1 staff between the minimum and maximum of the pay scales receive a £600 uplift: for Level 2 staff, a £400 uplift. For Overscale Level 1 staff, a one-off payment of £600. Overtime and shift allowance increase in line with the new rates. First Aid allowance increases to £12.50 per month. Managers share a 2% pay pot. For working at a higher grade for three days or more in any given month, payments as follows: CM20 stepping up to CM30 £40, CM30 stepping up to CM40 £50, CM40 stepping up to CM50 £100.
Alexander Dennis (Falkirk)	Manufacturing	01/04/20	A 3.1% increase from 1 April 2020.
Scottish Government	Public sector	01/04/20	In response to the Covid-19 protocols signed between the Scottish Government and the unions, an interim pay award from 1 April 2020 implementing the core elements of the Scottish Government pay policy. This includes a £750 cash underpin for all staff earning £25,000 or less, a 3% increase for those earning between £25,000 and £80,000, and a flat rate £2000 for those earning £80,000 or more. Progression payments for eligible staff. Scottish Living Wage of £9.30ph paid as a minimum. Formal negotiations on pay and conditions will resume once restrictions are lifted.
National Nuclear Laboratory (NNL)	Energy	01/04/20 01/04/21	First year of a two-stage two-year agreement with a 2.8% increase to base salaries and allowances from 1 April 2020. Overtime rate for Mondays-Fridays increases to time and a half for all staff currently eligible for overtime. While not included in the collective bargaining process, a 2.8% increase over the previous year to the Target Achievement Scheme (TAS) bonus scheme pay out for 2020-21. In the second year, from 1 April 2021, a further 2.5% increase will be applied. A re-opener clause is included should the average RPI for January, February and March 2021 exceed 2.5%.
SKF (UK) Blue Collar Group	Manufacturing	01/04/20	A 2.8% increase from 1 April 2020.
Tyneside Safety Glass	Manufacturing	01/04/20 01/04/21 01/04/22	First year of a three-stage three-year agreement from 1 April 2020. Shift premiums first amalgamated into single hourly rates of pay and then a 2.6% increase applied to all rates. This increase is based on the February 2020 RPI (published in March) of 2.5% plus 0.1%. Service days will be added to annual entitlements as days not hours, i.e. an 8-hour shift worker gets service days at 8 hours per day, a 12-hour worker gets service days at 80% of 12 hours per day. The maximum is therefore 40 hours for an 8-hour worker and 48 hours for a 12-hour worker. Second and third years, from 1 April 2021 and 1 April 2022, an increase based on the preceding February RPI (published in March) plus 0.1%, underpinned by a minimum 2% and capped at a maximum 3.5%. If hourly rates fall below the NMW they will be uplifted to the new rate.
First Hydro	Energy	01/04/20	A 2.5% increase from 1 April 2020.
First Milk Lake District Creamery	Food and Agriculture	01/04/20	A 2.5% increase from 1 April 2020.
Northumbrian Water	Utilities	01/04/20	A 2.5% increase from 1 April 2020. Where 2.5% equates to less than £770, a non-consolidated top up to that amount paid as a lump sum.

Agreement	Sector	Start	Description
Together Housing	Housing Association	01/04/20	A 2.5% increase from 1 April 2020.

Source: LRD Pay & Conditions database online, June 2020

Table 4: COVID-19 Bonus and Pay Enhancement agreements

Company	Bonuses/pay enhancements negotiated due to the Covid-19 crisis
AIB (previously first trust bank)	A 10% bonus for all staff in stores and distribution for all hours worked from 9 March 2020.
Aldi	A 10% bonus for all staff in stores and distribution for all hours worked from 9 March 2020.
Argos (retail)	A one-off 10% bonus payment to all permanent hourly paid staff in Sainsbury's and Argos retail, Sainsbury's transport and warehouse teams, Argos distribution and all retail contact centres.
Asda (Northern Ireland)	A bonus payment of one extra week's pay for staff at Asda, due to be paid in June.
Asda stores	A bonus payment of one extra week's pay for staff at Asda, due to be paid in June.
B&M (heron foods) warehouse	B&M paying store and distribution workers a 10% enhancement to pay rates.
CEA retail - Central England co-operative society	Central England co-operative rewarding front-line staff who work in stores, distribution and funeral care with one week's extra pay in their June pay packet. Also doubling its employee discount to 20%, effective until the end of June 2020.
CF Fertilisers	US owners put a £1600 (\$2000) bonus in place to reward employees who remain in the workplace. This is also being paid to standby crews.
DPD	Unite has negotiated a bonus payment for all DPD employees in recognition of their hard work during this pandemic. A total of 3 bonus payments of £160 for each employee.
East of England co-operative	For all staff directly employed by the co-op, a £100 bonus in their may pay packets.
Glatfelter (Caerphilly)	£300 bonus for staff working through the coronavirus outbreak.
Glatfelter Lydney	Glatfelter are giving a £300 bonus to all staff who have worked at all during this crisis
Harrods	Staff are getting paid full salary while laid off and the 20 people who will be working will get £50 per day extra plus food.
Knowsley Borough Council	Knowsley Council announced a £2.4m boost for local care providers in late April. This includes a permanent 7% increase for domiciliary care providers to ensure staff in the private care sector are receiving at least the statutory National Living Wage. Other care providers receiving a 5% increase in payments until at least end-June, with an option to extend until the end of September if the crisis continues. The Council has received assurances from the care providers that the increases will be reflected in care workers' pay.
Kraft Heinz	Recognition payment - one-off payment of @£250 across Europe to be confirmed. Good Friday and Easter Monday working - shift premium is triple time.
Morrisons (retail and manufacturing)	Morrisons will pay a 6% bonus on earnings over the next 12 months. This equates to approximately £1050 for full-time staff and will also be paid to staff off sick or self-isolating. The bonus will be paid on a quarterly basis.
Moy Park	Those in work at NI site get productions to value of £10 from onsite shop (now closed to public), on top of £30 bonus.
Nestle	£50 recognition payment to include agency workers, such as Sodexho, security and others; to apply for 12 weeks but only to people in work, not those working at home.

Company	Bonuses/pay enhancements negotiated due to the Covid-19 crisis
NHS Property Services	<p>Employee bonus - In recognition of their service and dedication the employer is paying a one-off frontline service bonus of £500 to all full time frontline staff (prorated for part-time colleagues) at the end of June provided they have permanent employment contracts which began on or before 16 March 2020 and remain employed.</p> <p>Shift allowance - any staff asked to work an additional shift of three hours or more on a day they were not scheduled to work will be paid their hourly rate as well as a £20 additional shift allowance. This applies to extra shifts from 16 March 2020 onwards.</p> <p>Overtime for frontline - any staff working additional hours over a full-time contract (37.5 hours per week) will now be paid at double time. Staff who work part time contractual hours (less than 37.5 hours per week) will receive time and a half for additional hours. This agreement will be backdated to 16 March 2020. Overtime must be agreed with management in advance.</p> <p>Bank worker recognition - All bank hour staff will be paid 1.5 times their salary instead of their 12.5% allowance.</p> <p>All of these measures will be reviewed in June.</p>
Ocado service delivery	A 10% bonus for all hours worked from 23 March.
Panasonic manufacturing UK	£500 bonus for staff working through coronavirus outbreak except if working out notice period.
Royal Mail Holdings: Customer Experience	A £200 recognition payment for all Royal Mail employees will be paid in June. In addition, for call centre staff, a £400 bonus payment (pro-rata for part-time) relating to the six-month performance period up to end March 2020 will be paid with May salaries. This after a CWU proposal to exclude some of the performance targets for the period, given the current situation, was agreed by senior management.
Royal Mail Letters (Royal Mail Holdings)	A £200 recognition payment for all Royal Mail employees will be paid in June.
Sainsbury's retail	A one-off 10% bonus payment to all permanent hourly paid staff in Sainsbury's and Argos retail, Sainsbury's transport and warehouse teams, Argos distribution and all retail contact centres.
Tesco (retail)	A 10% pay bonus for Tesco staff across all its stores, distribution centres and customer engagement centres. This has been backdated to 9 March and will be reviewed on 1 May. For hourly paid workers, this is a 10% increase to the hourly rate of pay, while for salaried staff, this is 10% on actual hours worked.
TSB	A £500 thank you award for qualifying front-line staff working throughout the coronavirus crisis will be paid in May salaries (pro-rata for part-time).
Well Pharmacy (Pharmacists/ Store Managers/ Role Banded Staff)	A 10% premium payment to frontline pharmacy and home delivery driver teams.
Welsh Government	The Welsh government announced on 1 May that all care workers in Wales will receive a £500 bonus in recognition of their work during the Covid-19 pandemic. The payment will be made to all carers, approximately 65,000 in total, working for councils, not for profit and private providers. The Welsh government is also lobbying HMRC and the UK government to waive the income tax and national insurance from the payment.
Wirral Metropolitan Borough Council	Wirral Council have committed to give local care workers a pay rise to the real Living Wage of £9.30 per hour.

Source: Unite internal database and LRD Pay & Conditions database online, June 2020

Qs: Any factors likely to boost demand, or alternatively that could make conditions more difficult (for example, the impact of the current coronavirus outbreak or changes in the UK's relationship with the European Union).

Employment and the pandemic

1.6 Unite welcomed the CJRS scheme, but we also warned about employers facing a cash flow crisis. An example of cash flow crisis is Jaguar Land Rover announcing it has lost £500 million, which resulted in 1,100 agency job losses. Unite has warned that this will be the beginning of a job cut tsunami without a strategy coordinated with the trade unions.

- 1.7 Unite has received notice of tens of thousands of redundancy notices over many firms. In the automotive sector there has already been notice of 6,000 job cuts. Similarly, in the aerospace sector Airbus has announced a 30% across-the-board production cuts. The hospitality sector, where there is a great concentration of low paid workers, is braced for hundreds of thousands of cuts in hotel chains, restaurants and pubs, and our reps and organisers in the sector are openly calling the CJRS scheme the ‘redundancy waiting room.’ Major hotel groups proposing redundancies include Marriott, IHG, Radisson, Millennium, Hyatt, all of which are global brands with sufficient reserves to tide them over till an upturn comes. But Unite is fighting back cruel and opportunistic employers in the hospitality sector who despite receiving CJRS were prematurely axing jobs without consultation. The appended document (Appendix A) features ‘Hospitality sector wins’ where our reps and organisers have reinstated over 1,300 jobs across several hospitality employers and negotiated furlough deals of 100% pay and full sick pay.
- 1.8 Unite has been campaigning on behalf of British Airways staff as the company is using the health crisis as cover to fire and rehire 42,000 workers on worse terms and conditions⁷ particularly throughout the aviation sector. Redundancies in aviation services, without further CJRS support, are being announced. At least 4,556 workers in ground-handling company Swissport⁸ are facing job losses, many of which are on the minimum wage⁹. **Unite is calling for the CJRS to be extended on a sector basis as part of, for example, the support package for aviation until the sector is able to operate again.**

Summary and recommendations:

- **In general, the government must commit to a package of financial support for the duration of this crisis, because it will hit sectors at different speeds. Supply chain disruption and cash flow problems were immediate for manufacturing, while in hospitality the crisis will be prolonged until social distancing measures are no longer needed.**
- **With Brexit and the Covid-19 pandemic, a labour crisis is brewing and we need a recovery strategy which is rooted in providing decent jobs, fair pay and strong working rights to support business investment and safeguard jobs.**
- **Increasing the minimum wage to £10 per hour will bolster consumer confidence and assist with economic recovery. Evidence shows that increased minimum wages complements job growth and we have seen examples this over the years following the implementation of the NLW/NMW.**
- **The Government’s approach across many sectors including agriculture has been challenged by the reality of the Covid-19 pandemic and a national re-appraisal of who is a ‘key worker’ – much work that has been viewed as ‘low skilled’ should in fact be viewed as highly skilled and critically important but is unfairly low paid. This would include amongst others cleaning, retail, and agriculture.**

⁷ Unite the Union: *Heathrow Airport accused of ‘sheer greed’ in attack on workers’ pay and conditions*. June 2020 [Link](#)

⁸ Unite the Union: *‘Devastating news’ as 4,556 jobs to go at largest ground handling company Swissport*. 24 June 2020 [Link](#)

⁹ Unite News: *Unite accuses Heathrow Airport of “brutally ditching” 500 ambassadors*. June 2020 [Link](#)

The current state of the labour market, recruitment and retention, as well as the potential impact of changes to immigration rules.

Employment and Brexit

- 1.9 Unite has serious concerns about the impact on employment and the quality of employment which may result from the UK's ongoing trade negotiations with the EU and other countries. The UK has now left the European Union; however uncertainty continues to surround the Free Trade Agreement which must be in place by December 31st. This is exacerbated by the parallel trade negotiations with the United States, Japan and New Zealand.
- 1.10 The political and industrial uncertainty resulting from the UK's inability to reach a deal with the EU continues to be shouldered by hardworking people whose livelihoods are being put at risk as many multinationals develop contingency plans. Failing to conclude a trade deal with the European Union would cut across industrial sectors which are already in urgent need of a post-Covid recovery, particularly the low paying hospitality and agricultural sectors. Similarly, a trade deal with the United States threatens employment and quality of employment in sectors including food drink and agriculture, pharmaceutical, health care and manufacturing.
- 1.11 The sharp decline in EU net migration is causing severe labour shortages, specifically in sectors with a high concentration of low paid workers. Unite is aware of sectors such as health and social care, food production and hospitality with high concentrations of migrant workers where there are currently significant labour shortages due to Brexit. This has also been widely reported in the media^{10,11,12}. Some employers held back vital investment amid the Brexit uncertainties of 2018 and 2019 resulting in a squeeze on wages. The arrival of the Covid-19 pandemic only two months after the UK left the European Union means significant investment and pay rises continue to be withheld.
- 1.12 Perversely, some employers are having to raise pay in the short term, either in response to proactive campaigns by trade unions for 'Brexit proof' pay deals or due to the constricted supplies of labour. But fundamentally we need a proactive recovery strategy with a long term vision for the economy rather than short term gains. Such a recovery must prioritise decent jobs, fair pay and strong working rights at its heart to support business investment and safeguard jobs.

The potential impact of changes to immigration policy

- 1.13 The February 2020 government announcement on the points-based system indicated the future approach, and with regard to 'low-skilled' work such as in agriculture, it stated:
- “Will there be a low-skilled worker route? The new immigration system will not include an immigration route specifically for low-skilled workers. This will shift the focus of the UK's economy away from a reliance on cheap labour from Europe and instead concentrate on investment in technology and automation. EU citizens resident in the UK by 31 December 2020 can still apply to settle in the UK through the EU Settlement Scheme until June 2021. The Seasonal Workers Pilot scheme will also be***

¹⁰ The Independent: *Most UK firms 'not ready' for post-Brexit drop in EU workers from 2021*. 20 September 2019 [Link](#)

¹¹ Financial Times: *List of 'shortage occupations' grows as Brexit looms*. London 6 June 6 2019 [Link](#)

¹² The Grocer: *Labour shortages will see DCs 'struggle' after Brexit*. 18 October 2019 [Link](#)

expanded from 2,500 to 10,000 places recognising the significant reliance the agricultural sector has on low-skilled temporary workers.¹³

- 1.14 Here the Government underlines its 2017 response to the EFRA select committee, that low-skilled work is to be undertaken by a domestic labour force and ultimately replaced through innovation and automation. It also indicates its view of the Seasonal Agricultural Workers Scheme (SAWS) pilot – 10,000 places falling at least 60,000 places short of what the industry has indicated it needs, in terms of seasonal workers.

Food production and agriculture – a sector in crisis

- 1.15 Agricultural employers receive £3.5bn a year of taxpayers' money in the form of EU subsidies, and the UK government has pledged to maintain this until the end of this Parliament, which could be 2022.
- 1.16 In 2017, the EFRA Select Committee undertook an inquiry into labour constraints in agriculture, following the post-Brexit heightening of industry concerns about the supply of labour. Unite gave evidence to this committee. In Unite's view the industry needed to review urgently and seriously levels of pay for agricultural and horticultural workers, as well as other conditions such as accommodation. The official report, *'Feeding the nation: labour constraints'*, did not reflect Unite's points about pay.¹⁴ However, the official report does indicate the pressures that had come to bear upon the supply of labour for agriculture after Brexit:

The sector's shortfall in temporary labour has been exacerbated by recent events and foreign labour is proving harder to source. Many reasons were posited for this including: changes in the value of sterling; increased living standards in Eastern Europe (the main source of foreign labour); uncertainty created by Brexit; the desirability of work in other growth sectors such as construction and hospitality; and a feeling among foreign workers of "not being welcome".

- 1.17 The report anticipated that the labour supply could 'dry up' abruptly. The Government's response to the select committee's inquiry and report emphasised that the industry's future workforce is to be from the domestic labour force, setting great store by an industry-specific technical route into apprenticeships, and by innovation and automation as part of a modern industrial strategy¹⁵. However, the T Level for agriculture, environment and animal care is not due to be rolled out until September 2023¹⁶. Furthermore, Unite reps in the agricultural sector have raised concerns that T Level apprenticeships are more suited to the business needs of employers rather than the training needs of workers as they limit training to 2 years followed only by 1 year work experience.
- 1.18 The Government's industrial strategy meanwhile has stalled since its inception in 2017 and needs a major review, according to the independent Industrial Strategy Council¹⁷. Faced with the much more immediate threat of the anticipated drying up of the labour supply, industry pressure has led the Government to launch a Seasonal Agricultural Workers Scheme (SAWS) pilot to meet acute labour needs. However, with the Covid-19 pandemic

¹³ <https://homeofficemedia.blog.gov.uk/2020/02/19/points-based-immigration-system-latest-information/>

¹⁴ <https://publications.parliament.uk/pa/cm201617/cmselect/cmenvfru/1009/1009.pdf>

¹⁵ <https://publications.parliament.uk/pa/cm201719/cmselect/cmenvfru/446/446.pdf>

¹⁶

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/842382/2019_T_Level_Action_Plan.pdf

¹⁷ <https://industrialstrategycouncil.org/governments-industrial-strategy-has-made-progress-needs-refresh-and-reprioritisation-meet/>; 'UK's industrial strategy criticised by independent body' Financial Times, 19 February 2020

intensifying the shortage of labour further, government, industry employers and retailers have been urging UK workers to do agricultural work which is a major test of the Government's approach to future labour needs. Predictably, though there has been some response to this call, few UK workers have stayed on beyond a few weeks for all the reasons outlined at an early point in the EFRA Select Committee's 'Feeding the Nation' report:

“A core problem for the sector is its difficulties in attracting UK staff. These difficulties date back many years. Many different reasons were put forward for this including a perception that work in agriculture involved ‘unsociable hours, hard work and rural locations, a belief that agricultural work was low-paid, and the fact that agriculture and horticultural workers are needed in rural areas whilst the concentration of potential employees is in urban areas. Ultimately, despite efforts to entice UK workers to their sector, employers told us repeatedly that UK workers “did not want the work”.¹⁸

- 1.19 This narrative from the industry and more widely, of 'lazy Britons', is a popular one but divisive and in itself lazy. An important and accurate re-framing of this view was identified by Felicity Lawrence in 2012 reporting on the conditions of Lithuanian workers working for Noble Foods (producers of 'Happy Eggs'), which also discussed the Agricultural Wages Board, government policy, and attitudes to migrant workers:

“They told how they were shuttled, in mini-vans, the length and breadth of the country, often sleeping in the vehicles between working shifts of up to 17 hours on farms contracted to Noble. Much of this type of work happens at night, a few hours here and a back-to-back double shift there. The flexible workforce big business says it needs is one they like to be able to turn on and off as easily as a tap. Few people other than recent migrants can tolerate conditions of this sort for long. They are incompatible with any sort of ordered, decent family life. [our emphasis]¹⁹

- 1.20 The 'perception' and 'belief' of UK workers that farm work involves low pay, back-breaking work and long hours is correct. Added to that are the demands from retailers at the top of the supply chain for round the clock production, high volumes (including through the current pandemic) and consistently high quality. Many agricultural jobs require workers to live, work and socialise on site. Given these factors, UK workers are making rational decisions about their inability to work in this way, and migrant workers are also making rational decisions to work in this way but for fixed periods of time only, before returning to their home countries at the end of a season, they are moving to sectors within the UK with better pay and/or better conditions, or taking other decisions. 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. Resultantly there is a high level of turnover in the agricultural sector and many workers leave the sector in their late twenties.

‘A bubble has been created in the sector where people are exposed to exploitation because employers control accommodation and transport without proper regulation’ – Unite rep in the Agricultural sector

Summary and recommendations:

- **Workers employed in the Food, Drink and Agriculture sector, now identified as 'key workers', are more often employed in poverty pay, insecure jobs. Instead of warm words of appreciation these critical workers must be properly rewarded for the vital role they play in feeding the nation.**

¹⁸ <https://publications.parliament.uk/pa/cm201617/cmselect/cmenvfru/1009/1009.pdf>

¹⁹ <https://www.theguardian.com/commentisfree/2012/oct/31/gangmasters-exploit-flexible-workforce>

- The abolition of Agricultural Wage Boards has intensified casualization, exploitation and de-regulation in the agricultural sector. 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.
- Globally the meat processing sector has experienced a number of Covid-19 outbreaks. Within the sector, workers are often employed through third party agencies and workers, very often migrants, have long been exploited through inferior terms and conditions, poor health and safety, and cramped, sub-standard accommodation at excessive cost, with workers living, travelling and working together, and often working for several core employers. The German government has recognised the correlation between these conditions and the spread of Covid-19 in the sector and has decided to ban labour contracting and temporary work in the meat processing sector, and is legislating to make the meat companies directly responsible for the safety and welfare of workers in their operations - we should follow suit. Of course, these conditions are prevalent in other sectors too, and one might speculate as to whether similar conditions in the garment sector in Leicester may have led to a spike in Covid-19 cases.

The experience of wage growth and inflation in the last year and forecasts for the next couple of years.

Forecast

- 1.21 Government budget forecasters in early April warned unemployment could rise as high as 10% with an extra 2 million people losing their jobs *if a 'three-month lockdown was only slowly lifted over the next three months'*²⁰. A quarter of British companies were forced to temporarily close by early April, and the remainder had on average put 20% of their staff on leave²¹.
- 1.22 The Bank of England (BoE) has warned Britain is facing its worst recession in 300 years and it estimates GDP will plunge by 25% in the second quarter of the year 2020 as a result of the abrupt halt to economic activity brought on by the Covid-19 lockdowns²². However, the BoE also forecasts that although the economy will shrink by 14% during 2020, there will be a recovery of 15% in 2021²³.
- 1.23 With respect to the labour market, as argued throughout this report, the impact of the pandemic will be deeply felt in jobs and we have already seen mass redundancies across all sectors. In the hospitality sector we are seeing employers railroading redundancy consultations, going through the motions of having 3 meetings to show they have complied with legislation but not genuinely engaging in alternatives and telling workers they can only elect workers under threat of redundancy and selecting managers as workers' representatives. In this sector women, young people, migrant and BAEM workers are overrepresented in the lowest paid jobs and most precarious working conditions. Women, young, migrant and BAEM workers have always been at the sharp end of poverty pay and precarity - now they are most at risk of unemployment. The Resolution Foundation has reported that the economic crisis resulting from the pandemic will risk 600,000 jobs among 18-24-year-olds in the coming year damaging the long-term pay and job prospects of younger workers²⁴. **Unite fears the Covid-19 recession is creating a crisis of inequality:** it was large already, it will most likely be even larger by the time the Covid-19 shock runs its course.

²⁰ Reuters: *UK employment growth slowed in March as COVID began to hit: ONS*. 21 April 2020 [Link](#)

²¹ Ibid

²² Financial Times: *BoE warns UK set to enter worst recession for 300 years*. 7 May 2020 [Link](#)

²³ The Guardian: *Bank of England warns UK faces historic recession; US jobless claims hit 3.1m - business live*. 7 May 2020 [Link](#)

²⁴ Resolution Foundation: *Corona crisis could increase youth unemployment by 600,000 this year – and scar young people's prospects for far longer*. 6 May 2020 [Link](#)

1.24 The proportion of the workforce in jobs was at a record high of 76.6%, and the number of people in employment increased by 172,000 in the three months to February 2020²⁵. But Unite has also warned of an impending *job tsunami* (see 1.3 in this report) and as the CJRS comes to an end in October, **Unite is calling for the CJRS to be extended on a sector basis where certain sectors will find it harder to recover and that this is done through a coordinated strategy involving trade unions.**

Wage growth between 2019 – Spring 2020

1.25 Pay in February 2020 continued to grow faster than inflation, but wage growth had slowed even before the crisis of the pandemic hit, falling to an annual rate of 2.8% for total pay and 2.9% for regular pay (average £511 per week in nominal terms and £471 per week in real terms), in the three months to February, its weakest since mid-2019 where rates in April to June had reached 4.0% for total pay and 3.9% for regular pay²⁶. At 2% total pay (2.1% real terms), annual pay growth was weakest in the manufacturing sector at 2.0%, closely followed by the retail and hospitality sectors²⁷. As shown in Table 3 of this report, Unite has negotiated pay deals of 2.5% and above, the highest being at 3.3%.

Qs: 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:

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

1.26 According to a report from the Joseph Rowntree Foundation (JRF), in-work poverty has risen from 9.9% in 1997/98 to 12.7% in 2019/2020, with 56% of people in poverty in a working family and **seven in ten children living in poverty are in a working family**²⁸. TUC analysis has attributed child poverty to government policy on social security noting an 800,000 increase in child poverty in working households from 2010 to 2.9 million in 2019. The analysis also found that government policy on social security accounts for most of the rise in child poverty, and found that more than 485,000 children in working households have been pushed below the breadline as a direct result of the Government's in-work benefit cuts²⁹. Additionally, the Child Poverty Action Group has reported that 70% of children growing up in poverty live in working families³⁰.

1.27 Government spending on statutory benefits has been falling since 2012/2013 with an additional freeze in 2016, despite rising living costs³¹. Additionally, benefit changes such as the introduction of UC has further reduced financial support for low income families. Benefit caps and freezes, a regime of punitive sanctions and the introduction of the five-week wait for UC, has pushed working families into debt and poverty. The latest JRS Poverty Report (2019) found changes in the benefit system, high housing costs, low pay and insecure jobs are having a substantial negative impact on the living standards of low income families. Regionally, the highest poverty rates for people claiming income-related benefits, were in London at 58% (ibid) and this can be attributed to the high living costs in the capital and working single parents having seen the fastest increase in poverty. The two-child limit within

²⁵ ONS: Labour market overview, UK: May 2020 [Link](#)

²⁶ ONS: Average weekly earnings in Great Britain: April 2020 [Link](#)

²⁷ Ibid

²⁸ JRF: UK Poverty Report 2020.

²⁹ <https://www.tuc.org.uk/blogs/child-poverty-working-households-has-rocketed-800000-2010>

³⁰ CPAG [Link](#)

³¹ Ibid

Universal Credit (UC) which applies to children born after 6 April 2017 and Working Tax Credit betrays the principal of *Every Child Counts* (formally Every Child Matters) and **must be abolished immediately**.

1.28 The rigidity of the social security system which was designed to provide people with a safety net was recently exposed in the *Johnson* Court of Appeal decision where four single mothers successfully challenged the DWP's UC monthly assessment period which meant the claimants received fluctuating monthly UC payments and loss of the work allowance through no fault of their own, as the system erroneously calculated two pay dates where claimants were paid their wages on a day close to the start/end of their assessment period which significantly reduced the UC award. This left the claimants in significant hardship, rent arrears and debt. Unite welcomes this ruling, however because the policy hasn't yet been amended in legislation, many more will continue to be affected and will need to seek mandatory reconsideration and appeal decisions. Unite calls for immediate legislative change to ensure that families will no longer lose out on money because of a badly designed system. The process of decision making in benefit assessments is deeply flawed and the vast majority of appeals are successful. The latest figures from the Ministry of Justice (April to June 2019)³² found:

- **Universal Credit appeals** had a **65%** success;
- **Disability living allowance appeals** had a **67%** success rate; and
- **Overall Welfare Benefit** appeals had a **71%** success rate.

1.29 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 claims³³. Following the £20 increase in the basic rate of UC announced 20th March, 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 Allowance (ESA) claimants who responded to the survey felt the benefit wouldn't stretch to cover their bills³⁴. 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 causality 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.

1.30 Unite believe 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 £471³⁵, 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 SSP³⁶. 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. This is an appalling situation that no-one should find themselves in.

³² Disability Rights UK: *PIP and ESA appeal success rate now 75 per cent*. 16 September 2019 [Link](#)

³³ <https://www.gov.uk/government/publications/universal-credit-declarations-claims-and-advances-management-information>

³⁴ <https://publications.parliament.uk/pa/cm5801/cmselect/cmworpen/correspondence/coronavirus-survey-responses.pdf>

³⁵ ONS, 17th March 2020, Average Weekly Earnings in Great Britain March 2020

³⁶ TUC analysis using DWP figures

1.31 Unite has also written to the Government requesting the resolution of the discrepancy between HMRC guidance and the Treasury Direction on whether workers on SSP can be furloughed – HMRC says they can be, and is the more straightforwardly fair and should therefore be the solution implemented. This will affect the security of workers having to self-isolate and shield, including those doing so because they or a member of their household has a medical condition that requires them to do so.

“I got into £2,000 debt on SSP. It’s impossible to live off, it didn’t even cover my rent.”

– Unite member in hospitality

1.32 Contributory benefits 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.

1.33 ‘No Recourse to Public Funds’ (NRPF) restrictions introduced in 2012 have been pushing working families into abject poverty, debt, poor health, unsafe and insecure housing and even homelessness, affecting over 100,000 children in migrant families³⁷. The plight of people under NRPF restrictions, many of whom work in frontline jobs such as NHS cleaners, in food production and social care, was worsened since the Covid-19 crisis as NPRF excluded them from accessing emergency financial support. It is wholly unjust that whilst they are able to legally work and pay taxes in the UK they are prohibited from accessing social security during a crisis.

1.34 Unite remains of the view that Universal Credit is a draconian benefit system that has to be scrapped

1.35 **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.

³⁷ The Children’s Society responds to the Boris Johnson’s questions about no recourse to public funds [Link](#)

Access to transport and the effects this has on working life.

- 1.36 **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 1997³⁸. Working patterns are such that precarious working does not necessarily allow for consistent and affordable use of public transport. There are 974,000 people on insecure or zero hours contracts³⁹. 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.
- 1.37 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 live**⁴⁰. 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 tickets⁴¹.
- 1.38 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 to ensure a fair public transport system must be affordable to all,**
- 1.39 Unite believes the lack of affordable and accessible transport options is hindering people on low incomes from accessing essential services or work⁴². 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 job⁴³. 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 parents⁴⁴.
- 1.40 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:

“Currently unaffordable and unreliable public transport is holding people back from being able to achieve a better standard of living. With more powers being devolved to city and local leaders, now is the time to redesign our transport, housing and economic policies so that everyone can get into work and progress in their careers.”⁴⁵

³⁸ DfT: Transport Statistics Great Britain 2019 [Link](#)

³⁹ ONS: Dataset EMP17: People in employment on zero hours contracts. 18 February 2020 [Link](#)

⁴⁰ Sustrans; Locked Out. [Link](#)

⁴¹ ILO: Making the Connections: Final Report on Transport and Social Exclusion. 2003 [Url](#)

⁴² Sustrans: Locked Out. [Link](#)

⁴³ Department for Work and Pensions: 21st Century Welfare. 2010

⁴⁴ Ibid

⁴⁵ JRF: Families in the North locked out of jobs market by ‘unaffordable and unreliable’ local transport [Link](#)

2. The National Living Wage

Qs: What has been the impact of the NLW since April 2016? Our critical interest is in evidence on the NLW's effects on employment, hours and earnings. We are also very interested in the NLW's effects in the following areas:

Review of the impact of the impact of NLW since April 2016

- 2.1 According to research conducted by Incomes Data Research (IDR), the introduction of the National Living Wage (NLW) in April 2016 led to a 5.3 per cent increase in median minimum pay rates for established staff across retail.⁴⁶ Subsequently, many employers revised their pay structures to accommodate the increase, typically by eliminating starter rates or harmonising premiums for unsocial hours. A further report by IDR in 2017 looked at employer responses to the raising of the NLW in April 2017 and found this had **on pay structures, leading to the merging of lower grades; the removal of starter rates; and the spread of age-related pay**⁴⁷ particularly in the retail sector is where the median rate for employers' main grades at or very close to the level of the NLW⁴⁸. In Unite's experience this is also the case in the vast majority of the hospitality sector where even workers in supervisory roles are paid pennies above the NMW/NLW.
- 2.2 Recent research from IDR which looked at pay in 48 large employers across the economy employing around half a millions workers identified that pay for 120,000 of workers was influenced by the NLW and 64% of employers were paying above the statutory wage floor⁴⁹.
- 2.3 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. Whilst employment rates and wages have been significantly higher for low paid workers in 2016 and 2017, as evidenced in ASHE data, Unite remains concerned with the living standards of low paid workers and the reported levels of in-work poverty. Rates of basic goods are rising faster than inflation and we remain concerned that low paid workers are unable to afford basic goods such as food and electricity costs, as well as ever increasing rents.

“The minimum wage has helped push up pay at the very bottom – but without strong trade unions to ensure gains are widely shared, pay for those in jobs paid below the median (£12.70 an hour in 2018) is stagnating.⁵⁰”

Prices, profits and productivity

- 2.4 Low paid workers are paid less than their marginal productivity,⁵¹ resulting in company directors and shareholders pocketing businesses' profits⁵² while their lowest paid workers struggle to survive on poverty wages and working excessively long hours to top up their pay. In Unite's 2018 submission to the LPC we extensively discussed the

⁴⁶ Incomes Data Research ** Of this group the majority were disproportionately women, workers with disabilities, ethnic minorities, migrants and 'unqualified' workers

⁴⁷ IDR: Employer Research 2017 [Link](#)

⁴⁸ Ibid

⁴⁹ IDR: More firms opt to pay minimum rates above NLW. 4 June 2019 [Link](#)

⁵⁰ TUC: Pay in working class jobs. 10 Aug 2019 [Link](#)

⁵¹ NewStatesman: *The dark side of the UK's jobs boom*. 30 January 2019 [Link](#)

⁵² TUC: Pay-outs to shareholders have risen 6.4 times faster than wages. 14 Nov 2019 [Link](#)

benefits of the introduction of the NLW which had resulted in increased employment, productivity and staff retention, and this confirms the wage efficiency theory which states that higher wages increase the incentive for people to work harder and therein increase productivity. Unite is aware of companies who have abolished youth rates because it aids recruitment, retention, motivation and productivity.

“There are no youth rates at Pladis. Young workers here are motivated to work in the company because they come on the same rate as everyone else and there is a low turnover of staff here.” – Unite rep at Pladis biscuit factory

- 2.5 According to a survey of employers by the IDR, since the introduction of the NLW many employers have implemented productivity changes reorganizing roles and responsibilities, providing staff with extra training and upskilling staff (44%)⁵³. These survey results demonstrate that the benefits of wage increases extend beyond improved productivity to increased training and upskilling.
- 2.6 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 sectors⁵⁴, but in the retail sector the majority of employers who responded stated they had to apply a brake on profits.
- 2.7 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.
- 2.8 The latest statistics from the ONS show private non-financial corporations’ (PNFCs) net rate of return for Quarter 4 (Oct to Dec) 2019 was 9.8%. For manufacturing companies, the return on profits dropped 1.5 percentage points to 9.4% in Quarter 4 2019. For the services sector which has a high concentration of low paid and young workers, the net rate of return had a slight 0.2% decrease from estimate of 15.1% in Quarter 3 2019 to 14.9% in Quarter 4 2019⁵⁵. Consistently the 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 £30,287 per year⁵⁶ while in the accommodation sector the average pay is £23,244 per year⁵⁷. Undoubtedly the employers in the accommodation sector as a whole can afford more generous minimum wage increases. A significant increase to £10 per hour would improve worker productivity, and reduce employee turnover and absenteeism. It would also boost the overall economy by generating increased consumer demand.

Pay structures and differentials

- 2.9 Unite is aware that some employers have reacted to the NLW by restructuring pay and grading, in some cases merging roles, and increasing the number of tasks undertaken by the lowest-paid workers. In addition to the NLW, there are other pressures on pay at the bottom end of pay structures. For example, recruitment and retention challenges have arisen as changes in labour supply patterns, partly resulting from the uncertainty over Brexit⁵⁸.

⁵³ IDR: Impact of the National Living Wage: Employer research. 2017 [IDR](#)

⁵⁴ Ibid

⁵⁵ ONS: Profitability of UK companies: October to December 2019 [Link](#)

⁵⁶ Payscale: Manufacturing salary [Link](#)

⁵⁷ Payscale: Hotel salary [Link](#)

⁵⁸ IDR: More firms opt to pay minimum rates above NLW. 4 June 2019 [Link](#)

- 2.10 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;

“I have worked at the factory since 2014, since then I have never noticed a higher rate of basic salary which is few pence more than NMW. In the last few years our pay talks include quite massive percentage (4%-5%), but in comparison with other companies this percentage is only worth a little due to the small basic income.

The amount of work to be done for this salary is incredibly high, with a high pace and demand from the company. The job is done in a bad environment, between -5 and +5 degrees across sites, with an average of 2 degrees, and with some sites going under -15 degrees as they work with frozen products. It is really hard to develop and to learn. There are employees with over 10 years doing the same job.”

– Unite convenor at a food factory

“I have worked in airport catering for 32 years. It used to be a very well paid job and I am lucky enough to have retained my old pay rates. Now companies have driven down pay and conditions and the industry is rife with race-to-the-bottom tendering practices and workers are the ones who have to pay the price.”

– Unite rep, in-flight catering

- 2.11 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.

Quality of work, including contract types, flexibility and work intensification

Training, progression and job moves

- 2.12 Unite is concerned about the lack of progression available to low paid workers, particularly those in hospitality and outsource 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;

“Low paid cleaners working at the airport who are largely from BAEM backgrounds are at the sharp end of the race-to-the-bottom that has resulted from the airport’s outsourcing practices that have created a multi-tiered unequal workforce working on poverty wages and bad terms and conditions.

Last year Unite fought back against the blatantly discriminatory policy on safety testing which was introduced and based on English language ability. The company, who is an outsourcing giant, had sought to remove training and language support for cleaning staff before they undertook the General Safety and Awareness Training (GSAT) test. Workers who failed the GSAT due to inadequate English language skills (many of whom had worked at the airport for decades) were faced with dismissal.”

– Unite regional officer, London & Eastern

- 2.13 This case which Unite fought and won concerned a mainly migrant workforce whose first language wasn't English and were threatened with dismissal after the company withdrew the training and language support from the

workforce, before they were due to undertake the General Safety and Awareness Training (GSAT) test which is required to access airside and secure areas at the airport. [Unite secured training support ending dismissal fears.](#)⁵⁹

- 2.14 Through the Union Learning Fund, Unite seeks to create flexible learning opportunities to facilitate and support job progression for members and non-members through establishing workplace union learning representatives and setting up free classroom and online courses to assist workers to increase their personal skills, qualifications their employability and to help embed a culture of learning throughout working lives.

Qs: To what extent has the NLW particularly affected certain occupations or industries, types of firms (small, large etc), regions or groups (for example women, ethnic minorities, migrant workers etc)?

Black, Asian & Ethnic Minorities (BAEM or BAME)

- 2.15 Women and Black and Asian Ethnic Minority workers are over-represented in the low paid and under-valued occupations and sectors that our society is now finding essential such as cleaning, social care, childcare, security, hospitality and retail. The recent 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 groups⁶⁰.
- 2.16 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 groups⁶¹. In light of this Unite believes there is an urgent need to address structural inequality faced by Black and Asian Minority Ethnic workers, not least in the workplace.

“Individuals from BAME groups are more likely to work in occupations with a higher risk of COVID-19 exposure. They are more likely to use public transportation to travel to their essential work. Historic racism and poorer experiences of healthcare or at work may mean that individuals in BAME groups are less likely to seek care when needed or as NHS staff are less likely to speak up when they have concerns about Personal Protective Equipment (PPE) or risk.”⁶²

- 2.17 Indeed as detailed in section paragraph 2.13 of this document, Unite has seen evidence of employers who have a predominantly BAEM workforces disregarding health and safety during the outbreak and applying discriminatory policy which deny workers dignity in the workplace.

“The company employs a majority BAME workforce. During the peak of the Covid-19 crisis social distancing wasn’t being enforced, there were no social distancing 2 metre markers, insufficient hand gel and other forms of PPE, no barriers between employees and passengers. Cleaners at the airport were advised to use socks as face coverings! Cleaning, security and facilities members working on the frontline were quite literally surrounded by crowds of passengers at a time. Unite has been working with the airport and the many employers within the airport to resolve this.”

⁵⁹ Mitie workers at Heathrow secure training support ending dismissal fears [Link](#)

⁶⁰ Public Health England: Beyond the Data: Understanding the Impact of COVID-19 on BAME Communities. June 2020 [Link](#)

⁶¹ PHE: Beyond the Data: Understanding the Impact of COVID-19 on BAME Communities. June 2020, [Link](#)

⁶² PHE: Beyond the Data: Understanding the Impact of COVID-19 on BAME Communities. June 2020, page 5 [Link](#)

“My employer is ‘restructuring’ job roles so workers can work across different areas to reduce the number of staff. Eastern European workers who don’t have front of house experience because of language barriers will be at risk of losing their jobs once we re-open after the lockdown.” – Unite hospitality worker

- 2.18 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 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 an Equality Checklist as well as a BAEM COVID 19 Health and Safety Guide⁶³ 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-representation⁶⁴.
- 2.19 The 2020 JRF report on poverty in the UK found BAEM groups were at higher risk of in-work poverty than their white counterparts⁶⁵. 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 per cent compared to 37 per cent)⁶⁶.

Summary and recommendations:

- **Unite is 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 Covid19. Unite call on the Government to legislate to tackle ethnic disparities in the workplace by introducing mandatory ethnicity pay gap reporting for all employers.**
- **Action to tackle race discrimination in the workplace needs to be strengthened. In addition to 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 & 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 to :**
 - **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**

⁶³ Unite: BAEM Covid-19 Health and Safety Guide. 2020 [Link](#)

⁶⁴ Unite Equality Checklist. 2020. [Link](#)

⁶⁵ JRF: Poverty in the UK 2019-2020.

⁶⁶ TUC, 2017. ‘BAME workers over a third more likely to be in insecure work, finds TUC’. [Link](#)

- **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*⁶⁷ to create environments that allow workers to flourish and progress. Unite re-affirms 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*⁶⁸.**

Migrant Domestic Workers (MDWs)

- 2.20 Each year the Home Office issues approximately 19,000 Overseas Domestic Worker visas under its 'domestic workers in private households' scheme which allows foreign employers to bring domestic workers to the UK. These workers are often from the global south and often from poor families. Migrant Domestic Workers (MDWs) are at greater risk of labour exploitation and abuse than workers in most occupations. They are subject to non-compliance of the National Minimum Wage, long working hours as well as verbal, physical and sexual abuses⁶⁹.
- 2.21 The modern slavery risk of MDWs has dramatically increased during the Covid-19 crisis. 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. Woefully there remains a significant gap in national responses to the abuses, exploitations and risks facing MDWs.
- 2.22 In last year's submission to the LPC we raised concerns over the conditions of the tied visa system which renders overseas domestic workers vulnerable to slavery and exploitation and hinders enforcement of their NMW rights. The concern remains that there is still 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. Additionally, the extreme vulnerability of MDWs to exploitation and abuse, severely exacerbated by the detrimental changes to the visa in 2012, have been further exposed during the outbreak as they are not entitled to furlough pay and not registered as self-employed. Unite has 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 NRPF⁷⁰ conditions meant they weren't able to access free healthcare.
 - Working up to 16 hours, 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.

⁶⁷ PHE: Beyond the Data: Understanding the Impact of COVID-19 on BAME Communities. June 2020, [Link](#)

⁶⁸ Landman Economics Report; The economic impact of increasing the National Minimum Wage and National Living Wage to £10 per Hour: May 2018

⁶⁹ The Voice of Domestic Workers, 2016. '6 years on from the Tied Overseas Domestic Worker Visa'. [Link](#)

⁷⁰ No Recourse to Public Funds

2.23 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.

Women

2.24 Around four in five women in the UK are working in low paying sectors such as retail, social care and hospitality work⁷¹. 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 coronavirus⁷².

2.25 The benefits of having more women in employment are being outweighed by the poor quality and low pay of the jobs they largely occupy. 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 generally⁷³. 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 and to ensure that all workers are treated with dignity, respect, security and receive a secure and real living wage.

2.26 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;

“In the factory cleaning and canteen workers who are outsourced have no access to training or progression, while training and apprenticeship levys are made available for production staff who are largely men.”

– Unite EC member, food production sector

2.27 Unite remains concerned about the high levels of sex discrimination and sexual harassment being reported in the hospitality sector. During the lockdown we have noted an increase of members reporting incidences of sex discrimination which extended to maternity rights. 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.

“In Scotland we supported a group of women who work in a cafe chai. They were told that the company wouldn't be able to pay the wages of staff until the end of April [2020]. When the workers challenged this and collectively requested furlough, they were all dismissed without reason or notice. There is undoubtedly a gendered element to this mistreatment which may amount to automatic unfair dismissal. The owner of the business has a history of sexual harassment allegations against him from several women spanning 20 years. Unite sent a collective letter to the employer and put significant public pressure on them through social and mainstream media.”

- Unite hospitality sector Organiser, Scotland

⁷¹ JRF: Poverty in the UK 2019-2020.

⁷² 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](#)

⁷³ Unite response to the Women's & Equality enquiry. June 2020

“I have also had two cases where I pushed constructive dismissal (and subsequently the employer-backed down) of pregnant workers being made to continue to work. This employer has previously tried to flout protections for pregnant workers in an attempt to get them off the books before their maternity began.”

- Unite Hospitality sector Organiser, Scotland

“Women shouldn’t feel forced to having rent money thrown at them. You end up putting up with sexual harassment in order to earn a tip which we rely on to top up our poverty pay.”

– Unite member, Hospitality sector

“I worked as a waitress at a famous restaurant chain. When I started my job I was advised by my female line manager not to report sexual harassment as the company would find a way of getting rid of me rather than dealing with the issue. When I experienced sexual harassment at work, I didn’t report it. I felt that I didn’t have a choice because if I raised the problem I would lose my job and wouldn’t able to pay my rent. The wages are so low, they don’t allow you to save any money.”

– Unite member, Hospitality sector

2.28 Unite understand 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 household tension and domestic violence due to forced coexistence and economic stress as well as fears about the virus^{74,75}. 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 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.**

⁷⁴ Sky News: Coronavirus: Calls to National Domestic Abuse Helpline rise by 25% in lockdown. 6th April 2020. [Link](#)

⁷⁵ The Guardian: In quarantine with an abuser: surge in domestic violence reports linked to coronavirus. 3 April 2020 [Link](#)

- 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 a £10 per hour increase 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 market⁷⁶.

Qs: The Government has set a new remit for the NLW 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 £10.69, with a likely range of 30 pence above and below this figure. What are your views on this target and on the LPC's approach to this new remit?

Qs: At what level should the NLW be set from April 2021? Our current central projection for the on-course rate is £9.21, with a likely range of 6 pence above or below this figure.

2.29 It remains Unite's view that the National Living Wage should increase to £10 per 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 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.

2.30 In the context of the crisis economic recovery 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 2020⁷⁷. 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.

2.31 Unite anticipates that agricultural employers will maintain they cannot afford an increase in the NMW and NLW. Indeed, the NFU has produced a report on the costs of Covid-19 for the industry, focusing on fresh produce, setting out its stall with regard to the LPC:

“With the introduction of the NLW in April 2016, following an NMW award in October 2015, there were effectively two wage increases within six months. In the last five years, from 2016-2020, the basic hourly rate has risen from £6.50 to £8.72 per hour, an increase over the period of just over 34%. This unusually high level of recent wage

⁷⁶ Landman Economics Report; The economic impact of increasing the National Minimum Wage and National Living Wage to £10 per Hour: May 2018

⁷⁷ ONS: Retail sales, Great Britain: May 2020. [Link](#)

inflation means that many businesses have limited capacity to absorb additional costs. This is the context in which we should consider the financial implications of Covid-19.”

2.32 But this section of the report opens with the following:

“The central economic fact of life for all growers is that, whilst the sale value of their produce remains largely static, their costs of production increase each year.” This ‘fact of life’ is unexplored in the NFU report. But it is based on the persistent refusal of supermarkets to pay a fair price for produce. This was a frequent complaint in responses from the agricultural industry and horticulture in particular to the consultation on the abolition of the Agricultural Wages Board in October 2012. A finance manager for a horticultural enterprise in the North West, supplying only one supermarket, spoke for many in her call for abolition when she stated that the price her company was receiving for their produce had not risen for more than a decade. The power of the supermarkets, their intense competition, the remuneration of their senior managers and the dividends for their shareholders – Tesco hitting the headlines on this last point most recently – sit alongside their refusal to increase payments to suppliers. In turn the suppliers, in this case the agricultural industry, are in too weak a position to negotiate on price, look down the supply chain for savings on labour costs and, in this case, call for a pay cut for all workers across all sectors with a freeze on NMW and NLW rates.

2.33 In Unite’s view, that the inability of growers and other suppliers to get supermarkets to pay a fair price for their produce should not mean that these pressures get pushed down the supply chain. Workers need an increase in the NMW and the NLW. The industry needs a stable labour force, and whether UK nationals or migrant workers, this will only be made more difficult with a freeze in the NMW / NLW as advocated by the NFU. Finally, even taken on its own terms, the Government’s ambition of a domestic ‘low-skilled’ workforce, as part of its response on immigration, has no future unless key factors are addressed, including the enduring problem of low pay

2.34 Unite’s reps in hospitality and food production companies, where the Union has a strong presence, have reported their employers have announced pay increases and recognition payments;

“Our employer hasn’t announced any redundancies and has pledged to increase pay from by £1 to £9.30p/hr when we return to work because we will be working in more precarious conditions. I believe there needs to be a significant increase to the NMW/NLW. We can’t start a future on the current rate of the minimum wage”

- Unite member, Hospitality sector

“All production workers at the factory received recognition payment. However, the outsourced cleaners who have worked extensively to keep our factory clean and free of contamination haven’t been so lucky. This is wholly unfair” – Unite Rep, Food Production sector

2.35 The coronavirus crisis has exacerbated the vulnerabilities of low paid workers in sectors like hospitality. Currently members are being told 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. It is fundamentally important to ensure the recovery provides decently paid and secure jobs if we are to build back a fairer society and stronger economy from 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

Qs: What factors should we consider in recommending a date for reducing the NLW age threshold to 21?

2.36 Unite welcomes the Low Pay Commission's recommendation to lower the age threshold for the NLW to over 21s. 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 per hour as soon as possible.

3 Young people

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

Qs: Lowering the NLW age threshold to 23 means the creation of a new 21-22 Year Old Rate, until the NLW age threshold is lowered again to 21. What should be our approach to this rate?

Qs: 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 2021?.

- 3.1 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.

Case Study 1

Alice is a 23 year old hospitality worker. She has worked in hospitality for 4 years. Since she began working full time in the hospitality sector Alice began getting into overdraft. Her previous employer, a hotel chain, didn't have youth rates and Alice worked for the company for 3 years and she was able to make payments towards her overdraft. Because of high rent cost in the city centre, she opted to move to a rural town where rents are cheaper.

Once there, the only job she could find was in a multinational company doing events work. The company pay youth rates and Alice is on the 21-23 rate of the NMW. The 50p per hour reduction in pay didn't seem much on paper but in real terms this has meant she has lost the equivalent of half of her monthly bills and has spiralled back into debt.

Alice is the only one in her company who is on the youth rate, but she also has the most experience having worked in hospitality since the age of 15. Her skills set means she is the only worker there who is able to work across all 4 divisions: food safety, kitchen, food service and bar. And being the 'cheapest' she gets the most shifts in her workplace.

Under furlough arrangements she is currently earning £400 per month and has had to move out of her accommodation because she couldn't afford her rent or living costs. Alice describes working in hospitality and earning the minimum wage as being trapped in a cycle of debt, living hand to mouth each month.

- 3.2 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.
- 3.3 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 apply⁷⁸.
- 3.4 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. Just two food retailers, which operate smaller supermarkets and convenience stores, maintain youth rates, while the picture in non-food retail is mixed, with half of respondents operating age-related pay structures. 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.

⁷⁸ Labour Research Department 2018

- 3.5 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.
- 3.6 Unite commends the LPC for its recommendation to lower the NLW threshold to 23 year olds. 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.
- 3.7 Unite maintains that the LPC can be bolder. As presented in our submission last year, Unite is confident that an increase to £10 per 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.
- 3.8 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. **Unite opposes age rates as discriminating against younger workers. Unite believes that the principle of equal remuneration for work of equal value is an important one. Unite would ultimately like the NMW to apply as a flat rate from age 16 upwards on a 'rate for the job basis.'**

4 Apprentices

Qs: As set out in the box above and in Annex 2 below, the evidence suggests that underpayment of apprentices is high and unpaid training hours are the central cause of this. What are your views on the extent of this problem and solutions to it?

- 4.1 The Apprenticeship Pay Survey for 2018-2019 was quietly published on 10th January 2020 (the report was late, originally due to be published at the end of March 2019, this was then put back until October 2019, and then was

subject to even further delay). The publication came in the week MPs returned to Parliament after the Christmas recess, hidden within a flood of departmental and parliamentary announcements and business, and, despite it being their own official Government report, its inconvenient findings appear to have been ignored by the Government.

- 4.2 The report shows that non-compliance with the NMW for Level 2 and Level 3 apprentices in Great Britain stands at 19% (nearly 1 in 5 apprentices), demonstrating that the situation has worsened overall, with non-compliance being one percentage point higher than the 2016 Apprentice Pay Survey when non-compliance stood at 18%. For those being paid less than the National Minimum Wage, younger apprentices from 16 to 24 years old are particularly affected, bearing the brunt of non-compliance and exploitation by unscrupulous employers.
- 4.3 The issue of non-compliance is particularly endemic and acute for young women apprentices. Young women are still being steered into stereotypically female careers like hairdressing where 47% are paid below the NMW (up 1% from the 2016 survey) and children's care where 33% are paid below the NMW (up 6% from the 2016 survey). Compared to their predominantly male counterparts who make up the bulk of apprentices in occupations within Engineering and Manufacturing Technologies, 19% were paid below the NMW, with an increase in non-compliance of 3% since the 2016 survey. In Construction 20% were paid below the NMW, an improvement and decrease of 5% on the 2016 survey, and in Electro technical (who are all Level 3 apprentices) with 16% paid below the NMW. In stark contrast, Apprenticeships in Management occupations stand at only 7% non-compliance, a static figure since the 2016 survey. Level 2 apprentices were slightly (yet statistically significantly) more likely to receive non-compliant pay (21%) than Level 3 apprentices (17%). Receiving non-compliant pay was also more common among women (21%) compared with men (17%). Even where pay is at least compliant or better than the National Minimum Wage, the survey found;

“Male apprentices were more likely to have received an increase in pay (64%) compared with female apprentices (42%). Likelihood to have received a pay increase also varied considerably by framework.”

- 4.4 The survey's report speculates: **“differences in total weekly earnings by gender could be related to the proportion of males and females working in higher or lower paid frameworks or by differences in working patterns (e.g. number of hours worked a week).”** Thus, the survey indicates that apprentices in typically male oriented occupational areas, for example, construction, where national collective agreements guide the prevailing going rates of pay, were more likely to receive opportunities for overtime and related premium payments than those working in sectors where females make up the main apprentice intake. This very much backs up the argument that decisive positive action needs to be taken in careers advice and procurement practices to encourage greater opportunity and enable more females to enter higher paying occupational areas they had not or would not have considered.
- 4.5 Unite is firmly of the view that the low wages suffered by many apprentices is tantamount to exploitation, and in a similar vein the 'scores on the doors' tendency regarding apprenticeship monitoring and compliance, without looking at what is actually going on under the surface, damages the apprenticeship brand. It's simply wrong that good employers, who rightly invest in apprenticeships and training and pay a fair wage to their apprentices, are being undercut by unscrupulous bosses who think nothing of exploiting the system. These are the ones who don't even pay the statutory minimum, let alone collectively agreed rates of pay.
- 4.6 In other advanced European economies social protections are in place to ensure that the correct wage determinations for workers, including young people and apprentices, are being adhered to. Why should UK apprentices as the economy's next generation of skilled workers settle for less? Any system for 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.

- 4.7 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 fully receiving at least remuneration to the statutory minimums.

Qs: In response to feedback from a range of groups, one of the options we are considering is raising the Apprentice Rate so it aligns with the 16-17 Year Old Rate. The main groups affected by this would be younger apprentices – 16-18 year olds. What would be the effect of this change on the pay, provision and take-up of apprenticeship places, and training volume and quality for those apprentices affected?

- 4.8 The low wages suffered by many apprentices, not least those aged 16-17 is tantamount to exploitation. 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 earn⁷⁹. Additionally there remains a serious concern of underpayment not even being paid the relevant National Minimum Wage applicable to their age let alone trade union negotiated rates of pay, allowances and benefits.

- 4.9 As a starting point, the pitiful NMW for Apprentices which currently stands at £4.15 per hour should be scrapped, as called for by likes of the TUC (Trades Union Congress), AELP (Association of Employment and Learning Providers) and recommended by the Education Select Committee, and apprentices entitled to the hourly rate commensurate with their age as a bare minimum

- 4.10 Unite also supports guaranteed education and training for 16 to 20 year olds and an education maintenance allowance as well as minimum wage. Unite again calls for the apprentice rate to be set at the NMW for 16-17 year-olds.

Qs: For older apprentices, the level of the Apprentice Rate is less relevant. But there is evidence that some employers still 'use' the rate by paying their apprentices below the NMW. What effect do the Apprentice Rate and the other NMW rates have on apprenticeships for older (those aged 21 and over) apprentices? Please consider the pay, provision and take-up of apprenticeship places, and training volume and quality.

- 4.11 The apprentice rate of NMW, at £4.15 and the minimum of what has to be paid in the first year of an apprenticeship regardless of the apprentice's age, not least when combined with short duration intermediate (Level 2) apprenticeships (12 months and one day) is a recipe for exploitation, and the continuing ability for unscrupulous employers to do this within statute demeans the apprenticeship brand, which should be about quality, skills and attaining a recognised occupation. As for the rates in the NMW in general, apprenticeship rate or otherwise, are unrealistic, and act as disincentive some people to follow a pathway that they may genuinely be interested in, due to connotations of unsustainably low pay. This is particularly for older workers who have families and homes etc. to support.

⁷⁹ HR Magazine: Apprenticeship pay too low say MPs. March 2018 [Link](#)

4.12 It is 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 on top, 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, yet for both categories of workers, they are learning and doing equal work of equal value.

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, is an important quality assurance role of Registered Apprenticeship Training Providers, which is then externally verified by bodies like Ofsted and the Institute for Apprenticeships and Technical Education.**
- **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.**

5 Compliance and enforcement

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

Compliance issues with the minimum wage

5.1 Unite has responded to *Calls for Evidence* to inform the UK Labour Market Enforcement Strategy in September 2018 and in January 2020 [Appendices C & D]. We detailed our experiences of non-compliance including those

tackled by Unite officers and representatives on behalf of our members. These are occurring in sectors including construction, hospitality, social care, warehouse and logistics and agriculture.

- 5.2 As highlighted in the afore mentioned 2018 and 2020 submissions with regard to minimum wages non-compliance and the other employment right violations, Unite continues to raise concerns with respect to the following sectors:

Hospitality: Unpaid work trials

- 5.3 Up until the lockdown exploitative unpaid trial shifts were being used in restaurant and bars to cover staff sickness and absences. Unite reported a six-fold increase in the number of unpaid trial shifts over the past three years;

“I was working (a trial shift) as a waiter and was supposed to shadow another waiter but as someone called in sick I got my own section and the other waiter monitored me/my tables. The owner practically laughed in my face when I asked to be paid for my trial shift. The response was ‘that’s just how it is in hospitality’.” – Unite member, Hospitality sector

- 5.4 Unite has been campaigning on this issue and we have called for legislation which sets out the legal position for employers and employees and to ensure that workers are paid from the first hour of work.

Abuse of furlough scheme: profiteering from the crisis

- 5.5 The furlough scheme has controlled unemployment in the short-term but Unite is concerned about the looming threat that the CJRS will be used as cover to drive down pay and conditions and increase job insecurity in the coming years. Unite has heard from our members in the hospitality sector who are already being told by their employers they will be kept on furlough until the end of their notice period. Unscrupulous employers are abusing the CJRS to claim tax payer’s money and to undercut employers.

- 5.6 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.

- 5.7 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. Tips and service charge make up around 40-50% of monthly income for workers across the hospitality sector;

“50% of my income comes from tips” – Unite member in hospitality, London & Eastern

“I had to attend a 28 week trial for jury service and the court paid my tips of £554 per month which was averaged over three months but now on furlough I get only minimum wage and 80% of that.”

– Unite member in Hospitality, NI

“I work for an events company which employs around 600 staff. Nearly all of us are on zero hours contracts. My last shift was on the 10th March. When the lockdown began my employer made no efforts to communicate with staff and we went four weeks without pay or notification of when we would be paid. Under furlough our pay has been calculated based on our average earnings in March [2020], but because

there weren't many events in March our pay has been dismal. We have all been told in confidence by a manager that the furlough will come to an end in August, because we are on zero hour contracts we won't be made redundant but won't receive any further payments. In reality we will be left in limbo. We have sent a collective letter with support from our Union. I'm not eligible for any benefits as I am a part-time charity worker. I guess I am lucky in the sense that I have another job but for around 50% of my co-workers this is their only job". - Unite member in hospitality, Glasgow

- 5.8 Unite hospitality sector is dealing with many cases of miscalculation of furlough pay including workers being told holiday has not accrued during furlough. As lockdown is lifted we are seeing managers and chefs being pressured to set up workplaces by coming in to work for free while the employer still claims CJRS money. Unite has received information from members who have been asked to volunteer their services - in exchange for 50% of their usual pay.

"I'm an events venue supervisor and earn 80p more than the NMW. One week before the Government announced the lockdown our boss told us he would be closing the venue [because of the outbreak]. He proposed that if staff volunteered to clean up the venue he would pay 50% of wages. When the furlough scheme was announced my employer offered a 20% top up if staff volunteered to 'help out' at NHS hotels, however we were later told that that had been a mistake."

- Unite hospitality sector member, Edinburgh

- 5.9 At a time when the pandemic has exposed the vulnerability and risk associated with precarious work, Unite is alarmed to hear that in some sectors, such as hospitality, large numbers of members are reporting that their employer is making a return to work from furlough conditional on changing their permanent status to zero hours.

"A friend from just told me his company have cut his pay rate as a sous chef from £12 an hour to £9 an hour and a zero hour contract. He felt he had no chance but to sign or he would not allowed to come back from furlough." – Unite Hospitality sector Organiser

"I had a 23 year old member who was previously on the adult living wage rate plus service charge. He was told if he wanted to come back he would have to accept the under 25 rate, no service charge and zero hours. When he refused he was dismissed with immediate effect."

– Unite National Officer, Hospitality Sector

- 5.10 Union lawyers are now predicting 18 months to 2 years for cases to get to a tribunal hearing due to the huge backlog. So employers are being very aggressive, knowing remedy, if any is a long way off.

Warehousing: poor NMW implementation rates

- 5.11 Unite is aware of employers in the warehousing sector using zero hour contracts to cut wages, avoid holiday pay, pensions, and other benefits enjoyed by employees and agency staff. Unite is also aware of median minimum pay rates below NLW in the sector and rampant use of outsourcing to drive down pay and terms and conditions.

- 5.12 In 2015 Unite began a campaign to expose 'Victorian' work practices at Sports Direct's Shirebrook warehouse in Derbyshire. Only 300 out of the 5,000plus workers at Shirebrook had permanent contracts with Sports Direct with the majority on zero hours contracts with two employment agencies. Through this campaign Unite found that over 70% of the workers in Sports Direct stores across the UK are on low-paid zero hour contracts. The campaign led

to Sports Direct and the two employment agencies which supplied workers to Shirebrook being forced to pay just under £1 million of the £1.7 million in back pay identified by the Department for Business, Energy and Industrial Strategy.

- 5.13 Five years on from the initial campaign, Unite remains concerned about the working conditions at Sports Direct and we have been unable to gain recognition. The company states that the 'vast majority' of workers prefer casual (or zero hours) contracts, but union officials report that conversations with their members suggest the contrary. There has been no 'good faith' effort to move workers to secure contracts, and notwithstanding whether or not employees prefer zero hour contracts, there is no evidence of two-way communication with workers about the nature of the contracts they would prefer and sign on to. Sports Direct offered to set up a works council and have unions participate. Unite accepted this proposal, but nothing has come of this offer and the company still has not met with union's officials. Unite is concerned Sports Direct's practices may be transferred to the House of Fraser now the company has acquired the company.

Agriculture: under-payment – long hours for salaried workers, underpayment for many years for older worker in tied housing, underpayment of holiday pay, bogus self-employment

- 5.14 Despite being a licensed sector, the DLME has designated agriculture as a sector at high risk of labour exploitation and, along with horticulture, the sector is in the scope of the GLAA as a licensed sector since the inception of the authority in 2005. As the only union with agricultural worker membership, and representing sector workers at pay bodies in three out of the four nations, Unite is has overwhelming evidence of non-compliance in the sector.
- 5.15 Agriculture has historically been a difficult sector for the union to recruit and organise and remains so. It also remains a low-paid industry. In 2013 the Agricultural Wages Board for England and Wales was abolished. Its abolition removed statutory rates of pay and other conditions. The Welsh Government has set up the Agricultural Advisory Panel. England is now the only UK jurisdiction without a Wages Board or Advisory Panel. Unite is concerned that the Brexit vote has increased labour shortages in this high-risk sector.
- 5.16 The numbers of workers employed in agriculture have declined steadily in recent decades. The number of full-time workers has declined steadily; the number of part-time workers has fallen more steeply. But the number of casual workers has risen, to become a larger proportion of the total workforce, from 5% in 1980 to 14% in 2014⁸⁰. These changes in the composition of the workforce by contract type means different enforcement barriers. In addition enforcement problems that face casual workers across many sectors – employer and agency malpractice; lack of information; language barriers; greater insecurity including from uncertain immigration status - for those in agriculture, there are also barriers related to geographical and social isolation emanating from their living conditions which were discussed in sections 1.16-1.18 of this document.
- 5.17 Labour rights cases in the sector have largely been taken on an individual basis; union reps and officers cover large geographical areas, while access to other sources of support (e.g. CABx) involves long journeys, and digital access is hampered by poor connectivity; employment relationships are often bound together with social relationships in isolated rural communities (the employer and their family may be the landlord, a JP, school governor, parish council), so fear of a range of consequences and reprisals are well-founded.

⁸⁰ Food Research: Agricultural labour briefing. July 2017. [Link](#)

5.18 Union density in the sector has been consistently low. This is not least connected with employer hostility, which is still a powerful barrier to union organisation. From the era of the National Union of Agricultural and Allied Workers onwards agricultural worker membership have been most likely to be those on full-time contracts with a greater degree of awareness of their rights under the Agricultural Wages Board Order than those on casual contracts; the awareness being derived from a network of union officers, branches and activists, union publications, and custom and practice. In Unite's experience it is difficult to get a true picture of the level of non-compliance on the labour rights for all workers in this sector. Testimony from our union representatives (as presented throughout this document) highlights the sensitivity needed in collecting evidence of non-compliance, even by trusted union representatives. The repercussions for individual complainants in 'tight-knit' rural communities remain an effective barrier to seeking justice.

5.19 Unite's experience in the agricultural sector is that many farm employers are not aware of basic employment law as it affects them and their workers. Unite has learnt from discussions at annual negotiations that the employers' representatives are ignorant of key parts of the framework of employment rights within which they are negotiating, and which, as employers, they should be compliant with. This includes:

- NMW and NLW – lack of awareness that these are statutory;
- Annual leave entitlement – lack of awareness that entitlement accrues during sick leave, and maternity/paternity/adoptive and other leave;
- Employment status – a request for guidance on the difference between 'self-employed' and 'employee', and the definition of 'employee';
- Long hours – workers on salaries doing too many hours, and likely to be breaching hourly rates;
- Written contracts – an acceptance that some farmers won't have written contracts of employment for employees.

5.20 The employer ignorance issue has been raised by employer representatives in other sectors, and is a key factor in non-compliance across sectors. However, we would highlight that in agriculture, employers are able to navigate complex paperwork and apply successfully for CAP payments such as the Basic Payment Scheme, which requires them to map their land online, and yet apparently are not able to check what they are required to do by law as employers. NFU members have access to a wide range of employment advice⁸¹

5.21 The following case studies are examples of non-compliance which came from a Unite branch secretary in the agriculture sector in the South West, these were presented as evidence to the DLME⁸².

Case Study 2: Under-payment - long hours for salaried young worker:

The employer was a large dairy farm in the south west, likely to be covered by the Red Tractor assurance scheme, and to be supplying retail customers.⁸³

In the autumn of 2017 a young worker began working on the farm, his first job after leaving agricultural college:

He was given 24 hours in which to sign an opt-out of the Working Time Regulations 1998, and felt he had no choice but to sign which he did in order to get into work after being at college. He ended up working 72 hours a week. His duties included tractor driving, cleaning out stalls – the herd is mostly kept indoors – and calving, as well as dealing

⁸¹ NFU Online: [Link](#)

⁸² Unite: DLME call for evidence. January 2020

⁸³ <https://logo.redtractor.org.uk/what-we-do/what-does-the-logo-stand-for>

with machinery – the farm uses robotic milking systems that are unreliable. The young worker has some special needs. The pace of work led to frequent illness, which was not respected by the employer who required him to continue working. The young worker was bullied by the foreman after he learned of the young worker's condition, which is likely to be covered by the Equality Act 2010.

The young worker was on a salary of £20,000 a year. Initially living in a caravan as his accommodation, he subsequently moved into one of the employer's holiday cottages, after which he was paid £27,000 salary for the 72-hour week but charged £7,000 for the accommodation. When he gave notice (a month's notice was required), the Unite branch secretary advised him to get a doctor's note to cover the notice period because of his health problems, but the foreman told him that he would have to continue working if he wanted a reference.

The case highlights a number of points:

- The young worker was living and working in fear of the employer and the effect on future references;
- The long hours that the worker was required to work included driving heavy machinery such as tractors, while the law on opt-outs of the Working Time Directive excludes drivers in the road transport industry;
- Annual hours may have been 3,744 – 72 hours a week x 52 weeks – though it is not known how calculation of hours of statutory annual leave was handled by this employer. If these annual hours are correct, the young worker's salary may have amounted to an hourly rate of £5.34, below the NMW rate for 18-20 year olds during this period, which was £5.60 an hour.

Case study 3: Excessive hours and underpayment

The union rep advertises the branch meetings widely, and as well as members, non-members may also attend. A female member attended a union branch meeting and the union rep spoke to her outside of the formal branch meeting. The woman disclosed the following:

She was being paid, from time to time, but not at the proper rate for the job The union rep advertises the branch meetings widely, and as well as members, non-members may also attend. A female member attended a union branch meeting and the union rep spoke to her outside of the formal branch meeting. The woman disclosed the following:

- She 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.
- In her fifties, she was concerned about what would happen if the farmer who was in his seventies died, or if the family took over the farm and couldn't run the business.

The union rep notes that this casual arrangement is not unusual, particularly in the livestock section. He notes that as a farm worker with additional housekeeping duties, she was in a very grey area in terms of employment status with no job security. As the woman seemed vulnerable, he did not press her for further information or contact details in order to represent her in his capacity as a union rep. This complicated situation highlights some of the problems of an expectation that workers will be in a position to raise individual complaints.

Case study 4: Bogus self-employment

A Unite rep reported concerns of bogus self-employment in the farm where he works. Farm workers were being employed through agencies and being designated as 'self-employed' when they are permanent full-time workers. On the rep's farm a series of workers were employed through an agency for the role of cowman's assistant. The workers would work full time, and were deemed to be self-employed. Additionally 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 the employer was required to pay pension he continued to use a worker on a self-employed basis, in order to avoid holiday pay and sick pay.

One of these workers continued in a single role, of cowman's assistant, for at least three years. Resultantly workers in this role were leaving more frequently now, staying less than a year.

The most recent worker walked off the job after a disagreement, but was told he would have to work a month's notice to receive his final pay.

The 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'*.

Social care: underpayment of NMW; zero-hours contracts; low pay for sleep-ins; outsourcing; carers' precarity linked to personal health budgets;

- 5.22 There are 1.7 million, mainly women, workers in social care employed across a diverse range of largely private providers (around 40,000), characterized by low pay, low skills, under-investment in training and development and high turnover of staff. Unite has seen no evidence that non-compliance issues have improved in the social care sector with it still being a sector with endemic low pay, precarious employment contracts, exploitation and abuse. Unite and other trade unions continue to stress that employment conditions are simply unacceptable, with underpayment of the National Minimum Wage, low pay for sleep ins and the endemic use of zero hours contracts highlighting how unscrupulous employers have used the UK's relatively weak employment protections to get away with exploiting workers in the sector. The root cause of these issues are chronic underfunding.
- 5.23 According to the Local Government Association (LGA), local councils have faced the brunt of the cuts to public spending, with councils expected to have lost 60p out of every £1 the Government had formerly provided for services between 2010 and 2024⁸⁴. Earlier this year they reported that "local government in England faces an overall funding gap of £8 billion by 2025"⁸⁵ Almost two thirds of councils surveyed in their report predicted that they would run out of funding to provide even their statutory, legal duties by 2024/2025.
- 5.24 The TUC reported in September 2019 that local authorities will face a funding gap of £25.4 billion by 2024/25, as over the next five years increases in council tax funding would be wiped out by demographic and price pressures pushing up the costs of meeting need⁸⁶. Local Authorities will therefore need billions of extra funding in the next parliament to meet rising costs. Yet analysis of the Conservative manifesto by the Institute for Fiscal Studies (IFS) found that the money pledged *"would not be sufficient to meet rising costs and demands over the next parliament"*

⁸⁴ LGA briefing: Debate on local government funding, House of Commons. Tuesday 15 January 2019 [Link](#)

⁸⁵ LGA: Response IFS report spending review. [Link](#)

⁸⁶ TUC: Council crisis; local government austerity 2009/10 – 2024/25; September 2019 [Link](#)

even if council tax were increased by 4% a year, necessitating a further retrenchment in services or unfunded top-ups to the plans set out⁸⁷.”

- 5.25 Unite members report that the impact of the cuts have been devastating on service users and staff alike. Since 2010 the local government workforce has been cut by hundreds of thousands⁸⁸ while local government workers continue to be the lowest paid across the public sector⁸⁹ and many of the worse cuts have been passed on to outsourced providers and charities which is where much of the social care workforce is employed.
- 5.26 As funding has declined the serious structural failings of our social care system have been highlighted with a fragmented low paid delivery model, relying on rapid race to the bottom competition, funding linked to 15 minute visits, exploitative zero hour contracts, under payment of the National Minimum Wage through the underpayment of sleep-ins and failures to pay for travel time, or with staff employed directly through personal budgets and direct payments and in many case placing huge costs on the individual people receiving care and their families.
- 5.27 Unite has long advocated for significant changes to be made to the treatment of the adult social care workforce. Workforce. Unite believes that there must be full integration of the social care system into the NHS across all UK countries, bringing social care services up to the higher quality standards and efficiencies of the NHS, with professional employment structures and a single ring-fenced pooled budget to avoid the current silos. Unite policy calls for this National Health and Social Care service to be run on the same principles as the NHS – universal, free at the point of need, publicly funded and run.
- 5.28 Unite is strongly advocating that as part of the full integration of the health and social care sectors that the social care workforce be brought under a national collective bargaining agreement, potentially even brought into the same *Agenda for Change* pay and terms structure as NHS staff bringing them into the same career structures and national pay frameworks. This would go a long way to improving standards in the sector and would result in full meaningful integration.
- 5.29 Unite is also calling for the social care system be brought back within the public sector. This should mean bringing social care services up to the higher quality standards and efficiencies of the NHS, with professional employment structures and a single ring-fenced pooled budget to avoid the current silos. This new National Health and Social Care service should be run on the same principles as the NHS – universal, free at the point of need, publicly funded and

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

- 5.30 Unite suggests a number of proposals in its submissions to the DLME Calls for Evidence, the Taylor Review, and to previous LPC consultations.
- 5.31 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;

⁸⁷ IFS: English local government funding: trends and challenges in 2019 and beyond. November 2019 [Link](#)

⁸⁸ The Guardian: Public sector job cuts: is the tide finally turning? 3 September 2018 [Link](#)

⁸⁹ Living Wage: Low pay spotlight: Public sector. 28 Feb 2019 [Link](#)

- 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.

5.32 **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.**

5.33 **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 by 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.

5.34 **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.

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

5.35 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.

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 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.
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This response was submitted by Unite the Union

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