GMB
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Low Pay Commission Consultation on the National Minimum Wage 2022

Written Response from GMB Union

June 2021

Summary

- The Low Pay Commission should recommend a substantial increase in National Minimum Wage rates to secure an equitable economic recovery from the pandemic. A weak increase, or freeze, in rates would be rightly seen as a betrayal of low paid key workers who have borne the brunt of this pandemic, and it would harm the economic recovery.

- GMB welcomes the abolition of lower minimum wage rates for 23-year-olds that came into effect this year and we believe that the aspiration to abolish lower rates for 21- and 22-year-olds from 2024 should be progressed faster and implemented without delay. GMB firmly believes that the same rates should be paid for performing the same work, and that age discrimination in pay-setting is contrary to at least the spirit of the principles enshrined in the Equality Act.

- GMB believes that the Government should have protected furloughed workers who receive pay at, or just above, NMW rates from falling beneath the wage 'floor'. The fact that some workers have received pay that is 20 per cent below the 'minimum' has exposed weaknesses in the Regulation, left many workers underpaid and without an adequate income, undermined the principle of a minimum wage and set a dangerous precedent for future policy development.

- As the Low Pay Commission recognises, some workers are more likely to be employed on the minimum wage, including Black, Asian, and Minority Ethnic workers, women, those aged 25-29, those who were not born in the UK and disabled workers.[1] All GMB recommendations in this submission are made with the need to end these disparities in mind.

- GMB believes that the Low Pay Commission should remain independent, and that it should be afforded a wider remit to investigate the causes and consequences of low pay, and of how poor-quality employment holds down wages and productivity growth. Sick pay should also be included as part of this wider remit as an aspect of low pay, given evidence of this link during the Covid-19 pandemic and its consequences for public health.

- Our policy is that minimum wage rates should reflect a real living wage of at least £12 an hour and should apply to all workers regardless of age.

Introduction

GMB membership

GMB is the UK's third largest trades union, representing 600,000 people in all sectors of the economy.

Around half of GMB's membership is in public services and the union has a strong a diverse private sector membership across services and manufacturing. GMB represents low-paid key workers in particular sectors that include retail, social care, and security. We also represent workers in occupations who are not currently covered by the formal definition of low pay that is based on hourly rates, such as in education where term-time only contracts have undermined annual earnings, and GMB believes that the Low Pay Commission should have an expanded remit to investigate the causes of all forms of low pay and make recommendations.

Role of the Low Pay Commission

The independent, tripartite model of the Low Pay Commission has proved effective for more than two decades, and GMB continues to support the work of the Low Pay Commission. We welcome trades union representation on the Low Pay Commission.

While GMB supports the current work of the Low Pay Commission, we believe that the organisation's remit should be expanded to include powers to investigate causes of low pay, and to make public policy recommendations. The Covid-19 pandemic illustrates the need for causes of low pay to be investigated. The link between low pay, including low sickness pay, and infection rates demonstrates that pay is a public health issue.

GMB also believes that the current working definition of 'low pay' is inadequate. The National Minimum Wage (NMW) is undeniably a form of low pay, but low pay and the National Minimum Wage are not one and the same.

In March 2021, the Low Pay Commission wrote out to stakeholders to invite submissions for its current round. The Commission advised that it was particularly interested in:

- The impacts of the pandemic on employers and workers in low-paying sectors, and the prospects for recovery.
- The affordability and effects of an increase in April 2022 to an NLW rate within the on-course range of £9.42 plus or minus 7 pence.
- Views on the LPC's remit to 2024, involving the target of two-thirds of median earnings and lowering the NLW age threshold to 21.
- The impact of increases in the NLW since its introduction, including the April 2021 uprating on workers, employers, labour market and economy.
- The impact on 23- and 24-year-olds of this April's lowering of the NLW age threshold to 23; and the impact on 21- and 22-year-olds of lowering it to 21.

This response aims to provide GMB's views and evidence that relate to these points.

Continuing work of the Low Pay Commission

Enforcement

We welcome the Commission's continued focus on the enforcement of National Minimum Wage rates. We note that the Commission, in its May 2021 report on non-compliance and enforcement, stated that the impact of Covid-19 has made it difficult to present comparable measurements of NMW underpayment with previous years.

Nonetheless, there are indicators that are a cause for concern, such as the number of underpayment complaints received from workers which has declined further in the last year from its peak in 2017/18, despite no clear evidence of cases of underpayment doing the same. This likely reflects inadequate promotion of enforcement measures and a loss of public confidence in the enforcement regime.

The Commission rightly views the jump in underpaid workers from 345,000 in April 2019 to 1.6 million in April 2020 as an effect of furloughed workers' wages being reduced to 80% of normal levels.[2] However, GMB believes that the Government should have protected workers receiving on, or just above, NMW rates from being underpaid in this way. GMB also believes this effect is evidence that too many employers are treating NMW rates as a target wage, rather than an absolute minimum that employers should pay well above.

We support initiatives from enforcement bodies like HMRC to promote advice on NMW rights and obligations to employers and workers in 'high risk' sectors through online webinars. We recognise that GMB was approached for comments on this work in the case of social care.

While such enforcement work is essential, we agree with the Commission that enforcement work needs strong strategic direction.[3] NMW underpayment and employer non-compliance are symptoms of wider issues relating to how our economy is organised and whether it is done so with good quality jobs and industry standards in mind. These are difficult issues to tackle without more proactive work from Government to support sectoral solutions. These solutions include working with trade unions to establish sectoral bargaining structures that can encourage better employment practices through agreeing good industry standards on pay and conditions. It is also disappointing that proposals for a Single Enforcement Body still cannot be scrutinised as the Government has further delayed bringing its Employment Bill to Parliament.

We welcome the Commission's view that close working with trade unions will be an important tool in improving workers' understanding of their rights and that a widely trusted third-party complaints system will be central to that.[4] We hope to hear more about the Commission's views on how trade unions can play a clearer role in reporting violations of the Minimum Wage Regulations.

Apprentices

While the Commission notes that the Apprenticeship Pay Survey 2018-19 is an increasingly outdated source of pay data[5] we do know that underpayment of apprentices remains a 'chronic' issue as described by the Commission's report on non-compliance and enforcement for the same year.[6] GMB restates its call for more action from the Government to better enforce compliance from employers in paying the Apprentice rate and that a new Apprenticeship Pay Survey should be carried out and published without further delay to better inform work in this area.

It remains GMB's view that the apprenticeship minimum wage rate is too low and should rise at the very least in line with RPI inflation, and with the same percentage increase as the adult rate. The rate should also only apply to those undertaking intermediate level apprentices who are aged 16-18, and to 19–20-year-olds in the first year of their apprenticeship. If the Commission goes ahead with its plan to equalise the apprentice rate with that for 16–17-year-old workers then this rate should only be paid for genuine development roles, and there should be no wage discrimination on the basis of age when young workers are doing the same or comparable work to older colleagues.

We also continue to be concerned by evidence of employers using low-paid low-quality apprenticeships in order to undermine existing staff through job substitution.[7] It is clear there are particular sectors more at risk than others here. Upon a search of vacancies advertised on the government's Find an Apprenticeship service, the pay rates for many Level 2 - and in some cases Level 3 - apprenticeships in sectors like hospitality, warehouse distribution and childcare are advertised at just or only slightly above the current £4.30 an hour minimum rate. For many of these advertisements it is also not specified how the apprenticeship is different from the more 'qualified' and better-paid equivalent role and what training applicants will receive.

Data improvements

GMB believes that more could be done to improve the quality of official data that is available to the Low Pay Commission and other parties. While the Annual Survey of Hours and Earnings is recognised as the most authoritative general source of information, there are limitations to the survey's outputs (such as the lack of information on educational background) which are compounded by restrictions on access to outside researchers.

The Labour Force Survey is more readily accessible, and it contains a greater range of variables, although the limitations of self-reported earnings data are well-known.[8] The Labour Force Survey's underlying sample size has also been cut by nearly a third (from 110,817 respondents to 77,903) between 2010 and 2020[9] which has negative implications for the reliability of estimates for some occupations and industries (and also, in particular, for regional estimates).

Some workers that are particular risk of low pay are 'invisible' to official data collections. This is particularly true of outsourced workers, for which good quality aggregate data is only available for the social care industry – where the data demonstrates that low pay and non-compliance with minimum wage legislation and regulations is rife.[10] These workers cannot otherwise be identified in official data returns. The addition of a question to identify outsourced workers in the Labour Force Survey would significantly improve national understanding of low pay in this sector.

GMB's National Minimum Wage Policy

Wages should be more than a minimum payment that enables workers to live. The National Minimum Wage was an important first step in tackling the problem of low pay, but in many cases it has now become the maximum wage that millions of workers can hope to earn. In many sectors, the minimum wage has become a ceiling on pay, rather than a base level from which employees could secure better pay- most notably in care work, and other sectors where outsourcing is particularly rife.

GMB believes that the National Minimum Wage rate should be replaced with a Real Living Wage of at least £12 an hour, and that this should apply to workers of all ages as we have continually called for. Our £12 an hour policy is based on our assessment of the continued rise in cost of living and should be seen as an uprated minimum demand for current times. The Government stated in March 2020 that the full National Minimum Wage rate - the 'National Living Wage' - should reach £10.50 by 2024. The Government's assessment is increasingly being overtaken by events, as when adjusted for RPI inflation, GMB's £10 an hour demand that first advocated in 2014 was worth £11.50 at the start of 2021.

GMB recognises calls from the TUC and others for a £15 an hour wage rate and we have led campaigns for this higher rate, especially in circumstances where cost of living is particularly high. With the real prospect of cost of living rising further as we seek to recover from the Covid-19 pandemic, it is likely that our minimum demand will also need to be further uprated to reflect any change in the minimum income required for workers to maintain a decent standard of living.

GMB recognises the importance of the Living Wage Foundation's work, but voluntarism alone cannot replace a proper statutory real living wage.

Without an enforced and substantial 'floor,' employers will exploit the unequal playing field by only paying the bare minimum, trapping their workers in in-work poverty rather than providing a route out of it. A reminder of the limitations of voluntary approaches came in October 2020, when 300 GMB members working for multinational furniture company Ikea were set to lose out on hundreds of pounds a year after the employer refused to honour the 20 pence per hour uplift in the Living Wage Foundation rate, despite the company being an accredited member of the Foundation. GMB raised Ikea's non-compliance directly with the Foundation, and as a result of this pressure the company agreed to honour the uplift in time for the May 1st implementation deadline.[11]

GMB is clear that sick pay should also be seen as part of discussion on low pay, especially in light of the Covid-19 pandemic. The Commission may feel this issue is outside their remit. However, during the pandemic, we saw a clear relationship between low pay and low sick pay in sectors such as social care, where high levels of presenteeism were linked to inadequate sick pay arrangements. In 2019 41% of minimum wage workers worked in the sectors most affected by the pandemic.[12]

Low pay has serious consequences for public health - as evidenced further in our social care case study later in this submission. GMB believes the Low Pay Commission should look into low sick pay as an aspect of low pay and recommend to the Government that no worker should be left out of pocket while they are off work sick.

GMB continues to call for the removal of age-related wage rates as further outlined in the 'young workers' section of this response. Ultimately, we want to see a National Minimum Wage that equates to a real living wage paid to all adult workers from the age of 18.

Economic and labour market outlook

Cost of living pressures are mounting as the economy reopens, and pay increases are becoming more common across the private sector. Across the economy as a whole, recruitment intentions are matching (and in some cases exceeding) pre-pandemic levels. As the CIPD said in May: *'The short-term jobs and pay outlook is more positive compared with the situation three months ago and closely reflects the levels of employer optimism about jobs and pay reported before the pandemic.'*[13]

The labour market is tightening, and recruitment and retention pressures are growing. According to KPMG and the Recruitment and Employment Confederation, vacancies are now growing at their fastest rate since 1998. Recruitment and retention pressures are also acute: KPMG and the REC report that demand for workers is growing at a 'near-record pace.'[14]

Prominent media reports that employers – including in low-paid sectors – are struggling to recruit workers are reflected in GMB's industrial experience. KPMG and the REC report that all types of candidates (including 'unskilled' workers) are in short supply, while hospitality, caring, and office workers are all named as sectors with specific challenges.

While jobs continue to be lost in particular employers and sectors, the Bank of England and the CIPD have said that most businesses have now completed restructuring: the percentage of employers that reported upcoming redundancies more than halved from 37 per cent to 16 per cent between the first and second quarters of 2021, according to the CIPD. The number of redundancy intentions reported by employers via HR1 forms in April 2021 was at its lowest level for seven years.[15] The Bank of England has warned that there will be a 'temporary period of excess demand' later in 2021 as 'spare capacity is eliminated,' which will likely place further recruitment pressures on employers.[16]

The wider reopening of the economy has had an inflationary impact as prices outstrip wages. The 12-month RPI rate was 3.3 per cent in May – its highest level since October 2018. The CPI rate is also above the Bank of England's inflation target. The RPI rate will remain high and exceed 3 per cent in late 2021, according to the Treasury's average of independent forecasts. High inflation rates are partly being caused by a rise in energy prices (up by 5.5 per cent), while other essential costs are spiking – such as bus and coach fares (up by 18 per cent).

Overall, the economy is now expected to grow more strongly than previously projected, with the OECD and the British Chambers of Commerce recently revising up forecasts for the UK economy.[17] However, the UK is also on course for an uneven, or 'k-shaped' recovery. Low-paid workers were more than twice as likely to lose their jobs during the first year of the pandemic[18] and job losses have fallen disproportionately on some groups that share protected characteristics, such as Black, Asian and Minority Ethnic women, who are more likely to work in low-paid sectors.[19] Low-paid workers have also been at a higher occupational risk of contracting coronavirus, which in turn can impose severe personal financial costs.[20]

A substantial increase in the National Minimum Wage rate would make an important contribution towards rebalancing the recovery, and we note that research conducted for the LPC indicated that there was no evidence that the rise in the National Minimum Wage rate during the last recession led to job losses.[21]

Growing cost of living and recruitment problems are linked challenges to which higher pay is the most important part of the answer. These pressures are compounded by the uneven economic impact of the pandemic, which will be compounded by the planned withdrawal of the temporary increase to Universal Credit. An equitable recovery should be led by higher wages, and we call on the Low Pay Commission to recommend a substantial increase to strengthen aggregate demand and reward the key workers who have borne some of the heaviest burdens during the pandemic.

Impact of the National Minimum Wage and the National Living Wage

Since its introduction, hundreds of thousands of low-paid workers have benefited from National Minimum Wage legislation that provides the statutory floor for wages. That said, National Minimum Wage growth has not kept pace with the rising cost of living for those on the lowest incomes, which has risen far more sharply than the headline rate of inflation on many essentials. The top-tier 'National Living Wage' rate is therefore misleadingly titled and continues to fall below even by the minimum living standards calculated by the independent Living Wage Foundation (LWF). The ONS estimates that around 20% of all employee jobs in the UK were paid below the Living Wage Foundation rate in both 2019 and 2020.[22]

To have an impact, it is also essential that any statutory minimum rate is effective at being a 'wage floor' that all workers are protected by. The number of jobs that are paid below the minimum wage has increased since 2016 in all bands except for workers aged 18-20. In 2019, 425,000 workers were paid less than the minimum they were legally entitled to, or 21.5% of everyone who is paid at the NMW or NLW rates in that year.[23] Given that the Commission has regarded its estimate that 347,000 workers were underpaid in 2020, excluding the effect of furlough, as an underestimate then it is highly likely that the statutory wage floor is still not covering a substantial proportion of workers who are entitled to it.[24]

GMB have also been deeply concerned by the 'legal' underpayment of the minimum wage in 2020 due to the government's failure to put in place protections for workers paid on National Minimum Wage rates in the Coronavirus Job Retention Scheme. This has had a massive impact on low paid workers, as ONS reports that employee jobs paying the lowest hourly rate were over five times more likely than other jobs to be furloughed with reduced pay. ONS also reports that approximately half of employees who were furloughed did not have pay topped up by employers beyond the 80% provided by the scheme."[25] Many of these workers who are still furloughed will also remain on last year's minimum wage rate as they are unable to receive the uplift which came in on 1st April 2021.

GMB is also concerned that many employers have also made low-paid and insecure work part of their business model - particularly in many 'gig economy' companies that claim their staff are contractors rather than employees or 'workers' in order to circumvent the requirements to afford them the employment rights they deserve and are entitled to under the law. GMB has challenged these employment practices industrially and legally, and the union has played an important role in landmark cases such as *Uber vs Aslam,* which resulted in the Supreme Court ruling that Uber drivers are 'workers' who are covered by the National Minimum Wage Act and its regulations. The Government has a role to play too in providing meaningful disincentives to employers' reliance on insecure contracts and working patterns. One of the key tests for the Low Pay Commission should be the extent to which employer behaviour is changed by their recommendations.

Workers who are not on minimum wage rates should, and many do, benefit when National Minimum Wage rates are uplifted as the increase provides a benchmark for pay negotiations to maintain their differential with the NMW rate. However, in recent years we have seen a noticeable degree of compression for workers paid just above the minimum rates which can cause problems for good working relationships and retention. In our experience, the compression of differentials can be a significant factor in workers becoming 'stuck' and unable to progress beyond minimum (or near-minimum) rates. GMB believes this is another area where the Low Pay Commission's remit could be expanded to look at low pay outside of the strictly National Minimum Wage focus.

Collective bargaining brings a positive effect on employer behaviour where, instead of seeing the uplift in the National Minimum Wage as only a change in their basic pay obligations, some employers see the uplift as a reflection of higher cost of living. This factor helps lift pay for employees on all grades while also maintaining any differentials between job grades based on additional responsibilities.

Often, our industrial experience of poor employer behaviour comes when the increase in the statutory minimum is cited as a reason not to award increases to employees in other grades. In certain low-paying sectors there have been cases of narrowing in pay differentials between 'shop floor' roles, such as catering assistants and cleaning staff, and supervisory roles above them. GMB has experience of one employer in the security and facilities management sector who has paid staff with supervisory roles just pennies above the statutory minimum. In one workplace, this employer even attempted to make such roles redundant and hand supervisory responsibilities to higher grade staff, which GMB action prevented. Again, these issues can be addressed where strong agreements are negotiated by trades unions, but the compression of differentials remains a significant problem in workplaces without good collective bargaining coverage.

Low pay and Universal Credit

GMB's wages policy is based on the principle that work should pay fairly, and that no-one in work should have to rely on benefits to make ends meet. While benefits are a safety net not a punishment, many of our lowest paid members and those in sectors with high precarious employment are still forced to rely on some type of benefits to help top wages up. In sectors like social care, we have heard that our members continue to lose out because the effective marginal tax rate within Universal Credit (UC) claws back what little additional income they can make from the hours of work they receive. This means workers who are trying to keep their head above water will feel financially punished as work does not pay, while UC has serious flaws in itself - particularly as payment cycles fail to align with workers' wages.

The £20 uplift to Universal Credit in response to Covid-19 has become a lifeline for many on low-incomes and should be kept in place. Research from the Joseph Rowntree Foundation has found that if the uplift is removed at the end of September 2021 as planned then "6.2 million low-income families would lose £1,040 from their annual income overnight, creating serious financial hardship and pulling 500,000 people into poverty, including 200,000 children."[26] Universal Credit has been historically underfunded and has serious flaws, however to reduce its value before any kind of economic recovery from Covid-19 would seriously hit those worst off particularly if inflation rises significantly in the months and years ahead.

It is clear that any successful economic recovery must be one that is based on decent work that pays enough to live on, so that no one in work should have to rely on benefits to make ends meet. The NMW rate should be increased to a real living wage and the government should keep the £20 uplift to Universal Credit while acting to address the significant issues with UC and other in-work benefits that impact on those who rely on them.

Young workers

While we welcome the reduction in the age limit of who can receive the 'National Living Wage' rate from workers aged 25 and over to 23 and over, the Government has provided no robust evidence as to why workers younger than 23 doing the same work should be unable to receive this rebranded top-tier minimum wage.

Discrimination against workers on the grounds of age – a protected characteristic – is only permissible under the Equality Act when it can be shown to be a proportionate means of realising a legitimate aim. There is no compelling evidence to support differential rates. While we would want to see faster progress, we continue to support proposals to remove age discriminatory bands, which must not be lost in consideration of the coronavirus impact, and we would want to see serious consideration given to removing the final age-based bands.

Considering this, GMB believes the plan to lower the top-tier wage band further to workers aged 21 and over should not be delayed, especially given that the Commission cites research in its 2021 uplift report that the last time the age threshold of the adult rate was lowered in 2010 in the aftermath of the financial crisis, no significant negative effect on employment was found.[27]

Sector-specific examples

In April 2020, GMB research found that 3 million key workers earned even below the foundation living wage rate, including occupations such as hospital cleaners and porters, pharmacy assistants and teaching assistants, carers, food processors and shelf filler.[28] In June that year the Government itself stated that *"A substantial number of key workers are paid at or just above the National Minimum Wage. It is right that we support these workers as they are supporting the country during this crisis"*.[29]

A substantial increase in the National Minimum Wage to at least £12 an hour would do right by our key workers whose sacrifices to deliver essential services during the Covid-19 pandemic are yet to receive proper recognition and gratitude in the form of the pay rise they need and deserve. It is also essential that the low-pay culture in the sectors they worked in before this pandemic is ended as we come out of it.

Below are particular case studies of low-pay sectors based on GMB's industrial experience and feedback from our members:

Security

GMB is the leading trade union for security workers, too many of whom find low pay as a regular feature of the sector. Workers continue to suffer from a 'race to the bottom' cycle of worsening terms and conditions that is often caused by outsourcing and the awarding of contracts to the lowest bidders, many of whom cut corners in order to meet costs like uplifts to the National Minimum Wage. While unscrupulous employers look to maintain their profit margins, providers with fairer terms and conditions for their employees find it increasingly difficult to compete due to undercutting by firms paying poverty wages.

This low pay and conditions culture in security is not just a problem under private sector clients: it also extends to the public sector, including to Government departments which outsource the majority of their security work. The public sector could help turn the tide on low pay in security by helping to raise wages, and GMB believes that this is a good example of where the Low Pay Commission should be given a wider remit on the causes of low pay and work with GMB to make recommendations to the government on addressing this issue.

It is our industrial experience that key employers in the security sector have recently been experiencing problems with recruitment and retention of staff. In addition to the low pay culture in the sector, recent changes made through the statutory licensing authority – the SIA – mean that security workers must now undertake an enhanced level of training before becoming licensed. Accreditation for this will cost £190 every three years, and this cost is in addition to the training courses that security workers must take to qualify for a license, which GMB estimates the cost of as approximately £200. GMB is concerned that unscrupulous security employers will pass the cost of the additional training requirements on to already low paid security workers and will not give them paid time off to carry out the additional training required, causing a double hit on security workers pay.

This does not help address the wrongly held view by many that security work is low skilled, where in fact the significant risk to personal safety that many security workers experience means the role is anything but. GMB has not seen any move from employers towards honouring the work carried out by security workers during the pandemic, many of whom became key workers and who, according to statistics released by the ONS, were more likely to die or experience serious complications due to Covid-19.[30]

The SIA states that these new training requirements will raise standards in private security[31] but without equal moves to raise pay, conditions, and responsibility of employers in the industry then GMB expects labour shortages in the industry to remain the case.

Social care

GMB states that for far too long the social care workforce has been underpaid and undervalued for the professional work they do within a sector which is crumbling after years of chronic underfunding from austerity and the overriding profit motives of many care providers.

The situation facing care workers on the ground is becoming more desperate. GMB has members who, a week before payday, are asking their local GMB branch for support as they cannot afford to buy meals. In a care home in North West England, GMB workplace representatives have taken action themselves and organised a collection each week from all the staff. The money is saved so that when a member of staff is off work ill, and not in receipt of their normal pay or sick pay, food parcels can be purchased for them.

NMW rates, too low as they are in general, are increasingly being seen by social care employers as a target to cluster around rather than the absolute statutory minimum that any responsible employer should pay well above. Skills for Care workforce data indicates that since the introduction of the 'National Living Wage' top rate in 2016 the proportion of independent sector care workers in England who are paid only at the minimum wage rate or less, has increased. In March 2020 this amounted to around a fifth of workers (22%),[32] with nearly two-thirds of workers overall being paid less than the upcoming mandatory NLW rate of £8.71 that was due to come in a month later (58%).[33]

A sector which drags its feet to only pay just above a statutory minimum that is already too low has meant that for many workers increases in NMW rates so far have only been enough to keep heads above water each year. In fact, the average care worker has only received 41 pence an hour more in March 2020 than they did 7 ½ years previously in September 2012.[34] This change does not reflect significantly higher levels of demand: the estimated number of people aged 80 or over in the UK increased by 13 per cent between 2012 and 2019.[35]

Social Care has become fragmented due to years of outsourcing, which brings with it significant inconsistencies in pay, terms, and conditions across the sector. A third of direct care workers in England are now employed on zero hours contracts, rising to more than half in London.[36] GMB members working for smaller care providers have told the Union that they often find that their employer has not implemented the correct payroll changes in time for the NMW uplift in April each year. While some employers are paying hourly rates regardless of age, others continue to pay young workers continue less than older colleagues for the same work. Extending the age differential for the NLW rate to 23-year-old workers was a welcome move by the Government but young GMB members working in care have told the Union that this age differential remains a barrier to earning enough to live on. It may also be one reason why the care sector has experienced problems retaining younger staff compared to other age groups.[37]

Workers are finding it hard to secure enough hours' work in social care to earn enough to live on. Many GMB members, majority of whom being women, are increasingly forced to work round part time hours and irregular shift work for multiple employers. Whatever earnings are made can then be undermined by extra costs as demonstrated by one GMB member who was recently told by her employer that she would need to pick up an extra shift yet taking on this work would cost her £50 in childcare costs. We also have employers who refuse to pay for the DBS checks which is another cost to the low paid workers that is rarely accounted for.

Social care is chronically underfunded, and its funding base remains unclear. It is wrong that millions of pounds are extracted out of the independent care sector into investor dividends and director bonuses while workers are left on low pay. Ultimately the Government needs to act to remove this overriding profit motive from the sector, provide a proper funding mechanism for social care and fix longstanding structural issues in the sector. If this does not happen then the NMW rates fail to be an effective 'floor' for living standards. GMB is disappointed by the recent Supreme Court judgement that care workers will not be paid the NMW for working sleep-in shifts. This was a missed opportunity for the Government to tackle one of the key causes of low pay in the sector.

The crisis in social care was brought into public view during the Covid-19 pandemic. Unsurprisingly, a sector where workers cannot earn enough to live on is also one where many workers cannot afford to stay at home if they became sick because the majority of social care workers do not receive full company sick pay, with many not even eligible for Statutory Sick Pay (SSP) which is currently only £96.35 a week. The Government's failure to protect the National Minimum Wage rate under the Coronavirus Job Retention Scheme has compounded the problem, as low-paid part-time workers who receive 80 per cent of their normal wages may be pushed below the Lower Earnings Limit, thus removing their entitlement to SSP.

Evidence published in the Lancet health journal suggests that during the pandemic an outbreak of Covid-19 in a care home was more likely to happen where staff were receiving statutory sick pay rather than full company sick pay.[38] In GMB's survey of almost 1,000 care workers across the UK in September 2020, 81% of respondents said they would be forced into work if they became ill, as they would be unable to live on SSP if they stayed at home. A further 80% said they would be forced to consider borrowing money off friends and family or taking on debt to make ends meet. [39]

This is clear evidence that clear that low pay can become a public health issue. GMB has consistently campaigned for contractual sick pay to be a right for all social care workers as £96.35 a week is nowhere near enough to live on for a low paid, predominantly women and BAME social care workforce.

GMB seeks to remove the expectation that if you work in social care you do so on minimum rates of pay. All entry level roles should be paid as a minimum at a real living wage rate of pay, with all other roles taken through a job evaluation process, ideally in line with local government pay structures. This needs to be at the top of the Government's agenda, which must find a workable way of ensuring social care is properly funded - providing central funding to underwrite the cost of increasing wages if needed.

Schools

There are other categories of workers who, due to their contractual arrangements, receive similar or lower levels of gross pay despite nominally being paid above National Minimum Wage hourly rates.

GMB members working in schools continue to raise this issue. School support staff account for over 817,000 workers in England alone. Most staff are employed on term-time-only contracts, under which workers are paid on a complex annualised basis.[40] Many workers in this sector have been forced onto inferior gradings, which do not reflect their experience or expertise, partially because of underfunding. The median gross earnings for teaching assistants were just £13,856 in 2020.[41] This cause of structural low pay primarily affects women workers (89 per cent of school support staff workers are female).[42]

GMB continues to believe that the Low Pay Commission's remit should be widened to include consideration of structural examples of low pay that fall outside of National Minimum Wage issues.

GMB recommendations for 2022

- The Low Pay Commission should recommend a substantial increase in National Minimum Wage rates in order to secure an equitable economic recovery from the pandemic. GMB believes that this increase should amount to a real living wage of at least £12 an hour and should apply to all workers over 18 in order for workers' earnings keep up with rising cost of living.

- If youth rates cannot be abolished this year, the Commission should recommend to the Government that the age eligibility threshold to receive the 'National Living Wage' rate should be lowered without delay to workers aged 21 and over.

- The Commission should remind the Government that it urgently needs to move forward with publishing proposals to improve compliance and enforcement to help reduce underpayment of minimum wage rates.

- In making its recommendations for 2020 and going forward, the Low Pay Commission should have as a key measure of success the extent to which employer behaviour is changed by their recommendations, particularly in relation to the prevalence of insecure work.

- The Commission should remind the government that they must find a workable way of ensuring that local government and social care is properly funded and consider providing central funding to underwrite the cost of increasing wages if needed.

- The Low Pay Commission should push for its remit to be expanded beyond its current remit to include alternative definitions of low pay, and investigatory functions into the causes of low pay, with the power to make public policy recommendations.

- The Commission should recommend that the Government keeps the £20 uplift in Universal Credit and acts to address significant issues with UC and other in-work benefits that impact on workers who rely on them.

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