Low Pay Commission Consultation on the National Minimum Wage 2023

Written Response from GMB Union

June 2022

Summary

- With historic rises in the cost of living after decades of pay erosion, the Low Pay Commission should recommend a substantial above-inflation increase in National Minimum Wage rates so that low-paid workers avoid the sharpest fall in living standards since the 1950s.

- GMB policy is that minimum wage rates should reflect a real living wage based on an assessment of cost of living. To keep pace, GMB believes that a real living wage should be no less than £15 an hour as effects of historically high cost of living increases look set to persist.

- GMB continues to support the tripartite Low Pay Commission approach. However, many GMB members face a crisis of low pay because their work and the sectors they work in have long been undervalued and under-recognised. It is therefore urgent that the Commission be reformed to focus more clearly on workers' interests, with a widened remit to investigate unresolved structural causes of low pay and make recommendations.

- GMB welcomed the abolition of lower minimum wage rates for workers aged 23-and-over in 2021. The Low Pay Commission should recommend abolishing lower wage rates for 21-and 22-year-old workers without delay, especially as employment levels held up for these workers during the pandemic. GMB firmly believes that the same rates should be paid for performing the same work.

- 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] Achieving pay justice for those workers underpins all of GMB's recommendations in this submission, so that we can help end these disparities in our society by making work better.

Introduction

GMB membership

GMB is the UK's third largest trades union, representing more than 500,000 members who work in all sectors of the economy. Around half of GMB's membership is in public services and the union has a strong and diverse private sector membership across services and manufacturing.

Problems of low pay and low investment have gone hand-in-hand for many workers that GMB represents, including tens of thousands of members across what has been defined by the Commission as 'low-paying sectors' such as retail, social care, and security. For our members in these sectors, many being women and migrant workers, the crisis of low pay is a structural one. It exists because their work and the sectors they work in have long been undervalued and under-recognised.

Experiences of low pay for many GMB members also continue to be unrecognised due to the formal definition of low pay based upon hourly rates. Thousands of GMB members working in education on term-time only contracts continue to see their annual earnings undermined.

GMB's 2021 submission detailed how these structural causes of low pay in particular sectors, and the issues they cause, should be urgently addressed by the government. Our 2022 submission argues that, instead of being addressed, these issues are growing and appearing more widely, compounded by impacts of government decision-making and historic rises in cost of living. With increases to the cost of living expected to remain at historically high rates into 2023, the consequences of delay are now being felt.

In GMB's policy and industrial experience, higher pay is the most important part of the answer to rising cost of living. This is also reflected in the testimonies of GMB members' in a recent survey of 2,000 members on the cost of living. These are included throughout this submission where relevant, to show the reality of working on low pay as our members experience it.

Role of the Low Pay Commission

GMB was one of the first unions to call for a National Minimum Wage policy. Our longstanding position is to support the tripartite Low Pay Commission approach, while calling for the Low Pay Commission to be reformed to focus more clearly on workers' interests, with a widened remit to investigate the causes of low pay and make recommendations.

The crisis of low pay is growing across the UK economy. We are seeing major labour market employers across sectors from retail to health failing to pay workers properly and on time, leading to many having to rely on borrowing from friends or lenders to make ends meet.[2] [3]

In other sectors, such as social care, basic issues of compliance with the minimum wage stem from unresolved structural issues and government decision-making, undermining the effectiveness of the National Minimum Wage as a statutory wage floor.

This demonstrates the urgent need for government to grant the Low Pay Commission a wider remit to address these structural causes, and reverse the growing tide of low pay in our own public institutions.

As set out by the experience of GMB members working in education, 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. GMB continues to call for the Low Pay Commission to have an expanded remit to investigate the causes of all forms of low pay and make recommendations.

Continuing work of the Low Pay Commission

Enforcement

An accurate picture of minimum wage non-compliance remains difficult as most recent published statistics still include months when many workers were still on furlough. The latest ONS estimates show that those paid below national minimum wage rates stood at more than double pre-pandemic levels, as 3.7 million workers remained on furlough when the data was collected.[4] At the time of writing, it did not appear that a further report on non-compliance and enforcement of the National Minimum Wage had been published by the Commission since its last report in May 2021.

GMB continues to support initiatives from enforcement bodies like HMRC to promote advice on National Minimum Wage rights and obligations to employers and workers in 'high risk' sectors. GMB has provided suggestions for inclusion into general advice for workers - particularly on ensuring that workers are informed of their rights against any unfair dismissal or other detriment from their employer, should they report issues to HMRC. GMB has also circulated information from HMRC regarding travel and waiting times to our members, particularly in the domiciliary care sector.

GMB remains of the view that minimum wage underpayment and employer non-compliance continue to be symptoms of wider issues in how the economy is organised and the value placed on good quality jobs and industry standards. More proactive work from Government is needed on sectoral solutions to low pay. This should include providing unions with information on underpayment and compliance issues by sector. It should also 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.

Unfortunately, the scope for better addressing underpayment and non-compliance are being frustrated by further delay in the opportunity to scrutinise proposals for a Single Enforcement Body, as the UK government has once again delayed bringing its Employment Bill to Parliament.

Apprentices

Like with other statutory minimum wage rates, the apprentice rate remains too low and should rise at the same percentage increase given to the full adult rate.

GMB also remains concerned that employers are using low-paid low-quality apprenticeships in order to undermine existing staff through job substitution, undermining the purpose of apprentice rates being for genuine development roles.

Underpayment of the apprentice rate also continues to be a problem as noted by the Low Pay Commission in its 2021 report.[5] GMB restates its call for more action from the Government to better enforce employer compliance in paying the apprentice rate. This should include better tracking of apprentice pay levels through the reinstatement of a better Apprenticeship Pay Survey.

GMB's National Minimum Wage Policy

GMB has consistently called for the National Minimum Wage to be replaced with a Real Living Wage rate. GMB believes that a Real Living Wage should now be at least £15 an hour, and should apply to workers of all ages as we have continually called for.

This uprating of GMB's core demand wage policy from £12 to £15 an hour is based on an assessment of the continued rise in cost of living after a decade of real terms pay erosion for many workers.

We recognise that the National Minimum Wage was initially set too low, and has never fully caught up. The dramatic increase in inflation since last year must be taken into account if we wish to see workers maintain a decent standard of living. Further details of our assessment are set out in our Economic and Labour Market Outlook section.

In GMB's 2022 Cost of Living Survey, 77 per cent of respondents said that the National Minimum Wage should be no less than £15 an hour.

We remain concerned about the need to raise the pay of all-low paid workers, including those who are nominally paid more than the National

Minimum Wage rate. We oppose age-based criteria and continue to call for the abolition of discriminatory lower National Minimum Wage rates.

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 and is paid to all workers.

Economic and labour market outlook

GMB believes that the path to a stronger and fairer economy runs through high wages and high levels of investment. Yet while average real wages did not grow in 14 years, shareholders' dividends doubled in the decade before the Covid-19 pandemic. In 2018, the UK ranked close to bottom of all OECD countries for investment in the economy,[6] yet profits among UK companies remained above 10 per cent every year between 2009 and 2021, with the exception of 2020 (9.7 per cent).[7]

These long-term structural disparities in the economy have very real effects on the UK's post-pandemic economic recovery in the immediate-term and whether low-paid workers recover with it. The UK is currently seeing the biggest fall in living standards in any single financial year since comparable records began in the 1950s.[8] This is being caused by a crisis driven primarily by vulnerability to global energy price shocks and supply chain issues as the effect of decades of pay erosion and low investment in our economy and infrastructure combine.

In GMB's Cost of Living Survey, 84 per cent of GMB members said that their pay is not keeping up with changes to the cost of living, and for the lowest-paid workers on or just above the statutory minimum, the recovery so far has been anything but equitable.

> *" I'm also a carer for my Mum and the cost of keeping her warm is scaring us. This winter will be tough. "*
>
> *Airside Agent (Airport ground staff) on £9.50 per hour*

After negligible real-terms growth in 2021, the value of the National Minimum Wage increase for April 2022 was outstripped by pay falling 6.3 per cent from April 2021 in real terms. If forecasts remain similar, then the proposed NMW increase for April 2023 of 4.5 per cent to £10.35 will also be outstripped by inflation.[9] A substantial above-inflation increase in the statutory minimum wage is clearly needed to avoid historic levels of detriment to living standards for the lowest paid.

Despite economic uncertainty, employers' intentions to invest and hire staff remain high according to the Bank of England, though in practice both are unrealised due to shortages of labour and goods.

GMB believes growing cost of living and recruitment problems are linked challenges to which higher pay is the most important part of the answer. As set out below, current economic and labour market conditions should provide confidence for a substantial increase to the statutory wage floor.

The economic outlook for many of the lowest-paying sectors has significantly improved in recent months, particularly across the service sector which saw profit rates of over 15 per cent throughout the pandemic.[10]

Strong customer demand has been reported in hospitality, food manufacturing and in leisure. Revenues are reportedly close to pre-pandemic levels in leisure particularly, as domestic tourism remains popular and foreign travel continues to recover.[11]

A tight labour market as job vacancies continue to match unemployment is creating recruitment difficulties,[12] yet recruitment intentions still exceed pre-pandemic levels particularly in hospitality and healthcare.[13] According to KPMG, the historically low rate of redundancies indicates that any sharp rise in unemployment would be unlikely in the short term."[14]

" I am living month to month on my current salary. Every month I am always paying back money I have had to borrow the month before to live. "

Gas Repair Team Mate on £10.09 per hour

These conditions indicate that companies across the economy strongly intend to fill vacancies and increase pay to do so. KPMG and the Recruitment and Employment Confederation have reported that salaries for permanent starters have risen at the quickest pace since 1997 as labour shortages and rising vacancies continue.[15]

According to the Treasury's summary of independent forecasts, predicted average earnings will have increased by 8.8 per cent in total by the end of 2023.[16] The Bank of England also reports a significant minority of companies in its latest Agents survey are considering mid-year top-ups to pay settlements.[17]

Overall, the UK economy is still on-course for recovery. The OECD still forecasts UK GDP to grow above world-average projections and in the top 8 of all 25 OECD countries, despite revising down initial estimates to account for energy price rises and the impact of the invasion of Ukraine.[18] The question remains whether the recovery is achieved equitably through protecting living standards, or by protecting profits.

It is not too late to rebalance the recovery, but action is urgently needed. The OECD has warned that curbing of real incomes and spending from further cost-of-living increases would "dampen the recovery".[19] The Bank of England has also reported signs of squeezed household real incomes starting to impact demand for consumer goods and house purchases. Real household disposable income is expected to drop 2.4 per cent by the end of 2023, according to Treasury forecasts.[20]

Economic and labour market conditions as they stand should inspire confidence and urgency to awarding a substantial above-inflation increase in the National Minimum Wage. Doing so will both help protect workers' living standards and maintain strong economic demand in the long term. The price of not doing so is to put the UK's economic recovery is at risk.

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 historically not kept pace with the rising cost of living for those on the lowest incomes.

The effect of this is clear. In GMB's cost of living survey of more than 2,000 members, 90 per cent of respondents said that the current National Living Wage rate of £9.50 an hour for workers aged 23 and over was not enough to live on.

Economic conditions look set to outstrip any ambition intended in the government's 2024 target for the top-level 'National Living Wage' minimum rate to reach two-thirds of median earnings. The Low Pay Commission's projection of that rate reaching £10.95 in 2024 to achieve this target would equate to an increase of 15.2 percent over two years. However, the latest ONS estimates show that median average monthly earnings of payrolled employees' have already increased by 5.4 per cent in one year from May 2021. On top of this, as referred to previously, a further growth of 8.8 per cent in median average earnings is estimated by the end of 2023 according to the Treasury's aggregate forecasts.[21] [22]

The LPC's target of reaching two-thirds of median earnings by 2024 needs to be urgently reassessed and replaced with a more ambitious path based on achieving a real living wage for all workers.

> *" The need to find a second job is becoming more necessary due to the cost of living, this then causes possible additional problems. No quality of family time and extra tiredness in main job which then makes you a danger in the workplace. "*
>
> *Waste Operative on £10.78 per hour*

GMB remains concerned that the National Minimum Wage rates' effectiveness as a statutory wage floor is being undermined by unresolved structural issues across sectors of the economy, and the approach taken by government to them. As highlighted later in this report in sector-specific examples, the stagnating value of the statutory minimum against rising cost of living is putting a greater number of workers at risk of minimum wage underpayment by employer error or through effective underpayment due to unresolved structural issues in the sector.

Our industrial experience is that, too often, employers cite increase in National Minimum Wage rates to justify not awarding increases to employees in other grades, resulting in narrowing of pay differentials between some roles.

GMB's position remains that employers have a responsibility to see the uplift in the National Minimum Wage as a reflection of higher cost of living, instead of only a change in minimum pay obligations. Doing so will help lift pay for employees on all grades while also maintaining any differentials based on additional responsibilities. Ultimately, these issues can be addressed where strong agreements are negotiated by trades unions in workplaces with 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 should be a safety net and 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.

> *" As a worker aged 56 with severe back problems I recently had to drop my full-time hours to part-time and get universal credit as a top up, this really isn't enough to live on and if I do any overtime at all a large portion of my UC is taken back "*
>
> *Checkout Operator on £9.56 per hour*

GMB members continue to lose out as the effective marginal tax rate within Universal Credit (UC) tapers off certain amounts of additional income they can make from the hours of work they receive.

The reduction of the taper rate by the government in October 2021 was a positive first step in helping workers in receipt of UC keep more of their wages. However, without moves to make work pay through a substantial increase in the minimum wage then the effect of reducing the taper rate will not alleviate the effects of removing the £20 uplift in Universal Credit that was put in place during the pandemic.[23]

Young workers

GMB welcomed the abolition of lower minimum wage rates for workers aged 23-and-over in 2021. However, our submission for that year also noted that the Government has provided no robust evidence as to why workers younger than 23 doing the same work should be unable to receive the rebranded top-tier minimum wage known as the National Living Wage.

In addition, the Low Pay Commission itself notes in its 2021 report that high employment and a tightening labour market post-pandemic are likely to offer protection to the "relatively low" number of workers aged 21-22 who received hourly pay below the top-level National Living Wage rate in April 2021. The report's finding that despite these labour market conditions employers are not 'pre-emptively' paying the full National Living Wage rate to 21–22-year-olds only demonstrates the need for the Government to take the initiative.[24]

GMB therefore sees no reason why workers aged 21-22 should not be immediately made eligible for the full National Living Wage Rate instead of by 2024. We call for the Low Pay Commission to recommend that the Government does so without delay.

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. GMB continues to see no compelling evidence to support differential rates and GMB would want to see serious consideration given to removing the final age-based bands. GMB firmly believes that the same rates should be paid for performing the same work.

Sector-specific examples

Security

GMB is the leading trade union for security workers and many of our members' everyday terms and conditions continue to regularly suffer from a 'race to the bottom' as the sector relies on outsourcing contracts to the lowest bidders. The Low Pay Commission has identified security as a low-paying sector since 2017.[25]

Low pay and conditions in security remain in the public sector as well as private as sections of government continue to outsource their security work. Many of those awarded contracts have cut corners to meet costs like uplifts to the National Minimum Wage which they can well afford to pay.

A recent example can be found in the issues facing G4S security staff working on Police Service of Northern Ireland (PSNI) sites. GMB members working on this contract received a 29p an hour 'environmental allowance' on top of hourly pay rates to reflect the risks attached to their roles. In pay negotiations last year members were promised that the 29p allowance would be honoured, however this year, members were offered a pay increase of merely 30p an hour, essentially 1p an hour. These workers helping to maintain public services now face the prospect of a 1 pence an hour rise in wages during a historic cost of living crisis, as any value once placed by their employer of the dangers involved in the profession vanishes.

> *"I have to now work 6 days a week, to try and keep up with the cost of living, but my work life balance is extremely bad now. But what choices do we have?"*
> *Customer Care Officer on £11.53 per hour*

In the door supervision sector, where GMB has members, both security workers and employers have fed back in a recent Security Industry

Authority (SIA) report that low pay and costs of applying and renewing the SIA licence are barriers to recruitment and retention in the sector. The survey also found indications that door supervisors with permanent or long-term contracts are more likely to view their role as a career.[26] These findings only confirm the industrial experience of GMB members in the sector which were reported in our June 2021 submission.

For security workers paid above the statutory minimum, GMB is hearing reports of members having to take on a great deal of additional duties not in their job description with compensation of only around £1 an hour. There remain employers who after uplifts in the statutory minimum refuse to honour higher wage differentials for those with additional responsibilities.

GMB also continues to receive reports of unscrupulous employers passing costs of additional training requirements on to already low-paid security workers with no paid time off to carry it out, causing a double hit on security workers pay. As outlined in our 2021 submission, changes made through the SIA mean that security workers must now undertake an enhanced level of training before being licensed. GMB has heard a case of one member paid on the National Minimum Wage having to shoulder costs close to £400 for SIA and other licences together.

> *“ My employer never raises my wages according to inflation and this is very wrong. ”*
>
> *Security Officer on £10.50 per hour*

The SIA’s 2021 sector profile report claims that the £190 cost of licence accreditation and renewal is cheaper in real terms than it was in 2004, being £298 if it rose in line with inflation. However, this does not mean that these costs are necessarily cheaper for a worker who has to apply and renew this licence every three years. Based on ONS estimates of median average pay against RPI inflation, security guards and related workers were 55p (4.8 per cent) an hour worse off in real terms pay in May 2021 than they were in 2006. This real terms loss would amount to £1,210 a year based on the 42-hour week that workers in this occupation work on average, according to the ONS.[27] This does not take into account the further 8.4 per cent rise in RPI inflation in the 12 months since May 2021.[28]

GMB continues to expect labour shortages in security unless efforts to raise standards through new training requirements are matched with equal moves to raise pay, conditions, and responsibility of employers in the industry. Public sector bodies should play their full part in this where there are contracts held and the Low Pay Commission should be given a wider remit to look into this issue more closely and make recommendations.

Social care

Tens of thousands of GMB members in adult social care had to put their own lives on the line as key workers. The Covid-19 pandemic has torn apart any remaining illusion that wages and sick pay are adequate for the predominately women frontline workforce that keeps the sector going. The pandemic therefore confirmed once again how low pay in the UK economy has serious consequences for both equality in society and public health.

For their bravery, our members were applauded but two years on remain undervalued and unrewarded as the government has still not found a workable way of ensuring social care is properly funded. As the Low Pay Commission itself noted in its 2021 report, "all of the sector's issues, from staff turnover and skills shortages to concerns around compliance, travel time and sleep-in shifts stem from its inadequate funding settlement."[29]

Instead, care workers have seen money taken from their pay packets in increased National Insurance contributions as part of the Government's latest funding settlement, but have not seen any substantial improvements to pay or conditions from the top in return. GMB members at one care provider even received the Government's own bonus payment through the Workforce Recruitment and Retention Fund[30] for social care and found that portions of their payments were taken back in taxation.

> *" Carers should get at least £15 hour as our job is just as important. The wage we get just now is shocking, then they wonder why good carers are leaving "*
>
> *Home Carer on £10.50 per hour*

GMB's £15 an hour minimum wage claim was first demanded from our members in social care. As the cost-of-living crisis worsens, it remains a pay injustice that care workers were on average only 81 pence (7.4 per cent) an hour better off in March last year in real terms than they were almost nine years ago. This figure is taken against RPI inflation from GMB's analysis of estimates by Skills for Care, who noted that 30 per cent of those care workers were actually paid 61 pence an hour or lower.[31]

The effects of this lost decade of pay growth in social care are clear. GMB continues to receive reports of members in social care having to use food banks and turning to payday lenders to make ends meet, as many employers still treat the statutory minimum as a wage ceiling rather than a wage floor. This is confirmed by Skills for Care estimates which show that the 6.3 per cent nominal rise in the National Living Wage in April 2020 rate was met by a 6.0 per cent increase in the median nominal care worker hourly rate.

GMB is concerned that if real improvements to pay and conditions do not come to the sector immediately then more care workers may be forced to 'vote with their feet'. The chronic staffing crisis in both health and care, and failure to improve rates of pay will mean staff will continue to leave for higher paid jobs in other sectors, such as retail, hospitality and private health.

As of August 2021, vacancy rates were back above pre-pandemic levels as nearly 30 per cent of all directly employed staff in the sector left their jobs over the course of 2020-21. This creates uncertainties about the sector's future when 29 per cent extra jobs (490,000) are forecasted to be required by 2035 to meet the needs of the population aged 65 and over.[32]

Currently, most leavers do not leave the care sector completely, however the extent to which starter and leaver rates in the sector become affected in the years ahead remains a question as cost-of-living increases and pay for roles in other traditionally 'low-paying sectors' like retail and cleaning has already overtaken care worker pay.[33] The starter rate for the sector by March 2021 was 5 per cent lower than that measured in the year before the pandemic in 2019.[34]
Significant inconsistencies in pay, terms, and conditions across the sector remain. Many workers leaving care jobs but remaining in the profession

now work in domiciliary care, where 42 per cent of care workers are employed on zero-hours contracts.[35] GMB is campaigning for urgent reform of domiciliary care which as a sector embodies a clear example of how structural issues and rising cost-of-living interact to create the crisis that social care more widely is in.[36]

Domiciliary care remains the only publicly funded service commissioned or measured by the minute, which is not only demoralising in a care environment but also means that the National Minimum Wage becomes an ineffective wage floor. This happens as the sector relies on workers' goodwill to meet care needs that often continue after the time allocated, while pay in general often remains on the absolute minimum as care is commissioned out to the lowest bidder by local authorities. The result is that many workers are out delivering their service from home to home in excess of their contracted hours - for example, 8 hours' work will only receive 6 hours' pay.

The rise in energy prices that underpins the cost-of-living crisis has also had an immense impact on reducing earnings for home care workers through increased travel costs as mileage payments they receive have remained static. This is compounded by wider problems facing the sector as a whole, as the Homecare Association identifies that staff shortages have also led to increased travel for those remaining in the workforce, further increasing costs for workers.[37]

As part of sector reform, GMB is calling for domiciliary care to be commissioned as a block of care so that services can be planned over a sustainable shift pattern, ending the damaging 'task and time' culture. This will ensure carers are paid for all the time that they are committing; and will discourage non-payment of stand time, travel, training and hand-over. In return providers and local authorities will be able to improve and sustain a more valued workforce.

> *" Since the rise in fuel working in community care has become difficult we are paid travel time and mileage but this does not nearly cover what we put in each month , I think care is poorly paid for the strain and pressure of the job "*
> Carer on £9.50 per hour

These reforms require a fair and workable funding model for social care. Any model that relies on care workers being paid close to the bare minimum, while residents shell out life savings to have dignity in old age, is not a fair or workable one for carers or those being cared for.

Ultimately, any credible plan for the future of social care and the health service must give proper pay, terms and conditions to the staff doing the work. To start tackling the massive understaffing crisis a £15 an hour minimum wage is needed to restore earnings, attract and retain staff and end massive disparities in terms and conditions through increasing the value of care in our society.

Health

As in previous submissions, GMB has highlighted how outsourcing across NHS hospitals for essential roles such as cleaners have led to a two-tier workforce. With significant variations in conditions that outsourcing creates, the minimum wage for many of these essential NHS workers appears more as a maximum wage they are told to expect to earn.

GMB members employed by outsourced providers in essential roles such as porters, domestics and caterers have been taking action at NHS hospitals across the country for increased pay and to be brought in-house onto NHS terms and conditions.[38] Members employed by outsourced provider contractor Mitie at St George's Hospital in London have taken numerous days of strike action in May and June 2022. These workers, many on wages close to the statutory minimum, took action after Mitie withheld wages for seven weeks as they restructured pay cycles - shortly before announcing that it had acquired a telecoms company for £10 million.[39]

> *" The cost of living is starting to suffocate mine and my families way of life, soon we will just about to be able to put food on the table. "*
>
> *NHS Hospital Porter on £10.30 per hour*

As cost of living rises after a decade of low increases in pay, many workers on NHS terms and conditions wages' have consistently fallen in-year below the Foundation Living Wage rate due to the Government's consistent failure to offer increases that keep pace with rises in the cost of living.

Paramedics, nurses, health care assistants, porters and cleaners have been calling for a significant increase in pay to cover cost of living increases. Unacceptable real terms pay cuts offered in response by government with significant delays have led to the lowest paid NHS workers receiving an emergency advance on their pay just to ensure that the NHS did not fall foul of minimum wage uplifts in April 2022.[40]

After applauding them during the pandemic, GMB believes that this is no way to treat exhausted NHS workers who are continuing to operate under extreme pressures. GMB asks that the Low Pay Commission reinforces our concerns to the government in the strongest terms that it should refrain from creating a situation where public sector bodies risk non-compliance with its own National Minimum Wage laws, undermining the effectiveness of the statutory wage floor.

Schools

GMB members working in schools continue to report that low pay is a chronic and under-recognised problem among school support staff roles.

This structural issue of low pay is caused, in part, by the contractual arrangements for most support staff being based on school term-times, known as 'term-time only contracts, which lead to staff nominally receiving above National Minimum Wage hourly rates on paper - but actually taking home lower levels of gross pay. The median gross earnings of teaching assistants alone was £13,980 in 2021, according to the ONS Annual Survey of Hours and Earnings.[41]

> *" I work 35 hours a week but lose the hourly rate due to term time working this means I'm earning below the national minimum wage but still have no option for reasonable price holidays given being tied to school holidays. "*
>
> *Special Education Needs and Disability (SEND) Teaching Assistant*

These inadequacies of basic pay rates are compounded by inconsistent approaches to calculating pay and allowances for workers employed on term-time only contracts. Just like in traditionally defined low-paying sectors these issues are leading to a growing recruitment and retention crisis among school support staff roles and supervisory grade staff through erosion of differentials. Teaching assistants were named as the role most in shortage in late 2020 ahead of HGV drivers,[42] and retention issues are becoming acute for support staff roles.[43]

The problems of school support renumeration are compounded by inconsistent (and often obscure) calculations of pay and holiday allowances for support staff workers, which are largely derived poorly documented regional formulas. The differences in these formulas can lead to annual wage disparities for support staff workers who are nominally on the same grade of hundreds of pounds a year.

This cause of structural low pay continues to primarily affect women workers (89 per cent of school support staff workers are female).[44] 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 2023

- The Low Pay Commission should recommend a substantial above-inflation increase in National Minimum Wage rates so that low-paid workers avoid the sharpest fall in living standards since the 1950s. GMB believes that this increase should amount to a real living wage of no less than £15 an hour for all workers, regardless of age.

- The Commission should recommend that the government abolishes lower wage rates for 21-and 22-year-old workers without delay, so that young workers receive the same pay for the same work.

- The Commission should urgently push for a widened remit to investigate unresolved structural causes of low pay, including alternative definitions of low pay, and work with unions to make recommendations.

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

- The Commission should also urge the government to find a workable way of ensuring that local government, health and social care are properly funded, with central funding to underwrite the cost of increasing wages if needed. Concerns over the impact of current government policy and approach increasing risks of minimum wage underpayment in the public sector should also be relayed.

Appendix – GMB cost of living spring 2022 survey results

The below responses are based on a survey of a randomised sample of working GMB members, which achieved more than 2,000 responses. The survey was conducted in advance of GMB's June Congress.

Question	% disagreeing	% agreeing
My pay is keeping up with changes to the cost of living	84.2	8.2
I can afford necessities for myself each month	52.7	30.5
I can afford necessities for family and dependents each month (please leave blank if not applicable)	60.2	24.6
The National Minimum Wage rate of £9.50 an hour for 23 year-olds and over is enough to live on	86.9	6.8
The Living Wage Foundation rate of £9.90 an hour (or £11.05 in London) is enough to live on	85.1	6.9
I have had to borrow money to cover essentials from banks, payday lenders, or family and friends in the last 6 months	49.3	41.1
I feel confident that I will be financially secure in a year's time	71.7	14.1
The Government's £200 payment and £150 loan (if applicable) is making the April energy bill increase affordable	87.8	5.4
The rise in energy costs is forcing me to spend less on basic food items or other essentials	28.7	61.6

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