GMB UNION

Low Pay Commission Consultation on the National Minimum Wage 2024

Written Response from GMB Union

Summary of GMB recommendations for 2024

- The National Minimum Wage should be replaced with a Real Living Wage rate of at least £15 an hour and be applicable to workers of all ages, also covering workers who fall outside the traditional hourly definition of low pay.

- All final age-based bands in the National Minimum Wage should be incorporated into the full rate. GMB firmly believes that the same rates should be paid for performing the same work.

- The Low Pay Commission should have a wider remit to address all forms of low pay and their structural causes in the sectors of the economy set out in GMB's response, and make recommendations.

- The Commission should account for evidence on rising cost-of-living for workers in setting minimum wage rates after 2024.

- The Commission and enforcement agencies should be given more resources for minimum wage compliance and enforcement with more proactive involvement of trade unions. The Government should also publish its proposals to improve compliance and enforcement for scrutiny.

- More action from the Government is needed to better enforce employer compliance with paying their apprentices at least the apprentice minimum wage rate.

- The National Minimum Wage Regulations should be amended to include care workers' travel time and sleep-in shifts. The Supreme Court's judgement on sleep-in shifts rested on an early Low Pay Commission report, and the Commission must now urgently revisit the issue.

A full list of GMB's recommendations for 2024 can be found on page 20 of this written response.

Introduction

GMB is the UK's third largest trades union, representing more than 500,000 members who work in all sectors of the economy. As a general union, GMB's membership is split roughly equal between those working in public services and a diverse private sector membership across services and manufacturing.

Tens of thousands of GMB members are organising in 'low-paying' sectors as defined by the Commission[1], from food manufacturing and retail to social care and security, while those in public services are never far away from low pay after a decade of austerity and outsourcing. Groundbreaking GMB agreements are raising rights and standards in the Platform sector as our members organise new forms of work away from old forms of exploitation.

Roughly half of GMB members are women and our membership is substantially diverse in ethnic background, including migrant workers. These workers predominantly keep these crucial sectors of the UK economy running and did so during unprecedented and traumatic events during Covid-19. Despite their sacrifice, these workers remain more likely to be confronted with the scourge of low pay because their work, and the sectors they work, in remain undervalued and under-recognised.

When respected by employers and set properly by government, the National Minimum Wage plays a positive and crucial role for workers. The legal 'wage floor' is supposed to hold up an economy where workers can rely on a decent statutory minimum standard of living if needed while business grows in competition over how high they pay above it, not how low.

A substantial, above inflation increase in statutory minimum wage rates is desperately needed. Public policymaking in the UK has done more to place the burden of cost-of-living crisis and Covid-19 pandemic recovery on workers and those who are lowest paid than in many other countries.

Low-paid workers who are in GMB join because they know their real worth and in the past year countless have organised forms of action together to reclaim it. The opportunity for the government to recognise that worth and properly protect those who are the lowest paid in our economy.

Continuing work of the Low Pay Commission

Role of the Low Pay Commission from 2024

GMB was one of the first trade unions to call for a National Minimum Wage policy and we continue to support the tripartite role of the Low Pay Commission in decision-making on the statutory wage floor. However, a lot more could be done to ensure that the Commission's work fully captures the existence of low pay in the UK economy and more workers benefit from its remit and recommendations.

The National Minimum Wage is undeniably a form of low pay, but both are not one and the same. Like previous years, this submission seeks to highlight that causes of low pay can be more than employer behaviour, and there are more policy solutions to low pay which complement the statutory minimum wage.

Interventions are urgently needed in government policies affecting chronically low-paying sectors such as social care and security, as well as overlooked forms of low pay in less traditionally low-paying sectors like education. The failed policy of outsourcing public services has driven down pay rates while more light is being shone on exploitation of workers in supply chains that feed the UK economy. The Low Commission is uniquely placed to investigate all these areas and make recommendations to ensure that the minimum wage makes a difference for all workers.

From 2024, the Low Pay Commission needs to be granted a wider remit to investigate all forms of low pay and their structural causes in the economy, and make recommendations.

Historic rises in cost-of-living means that workers aged 23 and over have felt no real-terms benefit from the uplifts to the so-called National Living Wage rate in 2023 and 2022, as the rate set does not account for measures of cost-of-living. The current link with average wages is too narrow and means that the lowest-paid workers still struggle to make ends meet as average wages have also historically stagnated in real terms over the last fifteen years.[2]

As part of any new target pathway after 2024, the Low Pay Commission should account for evidence on the rising cost-of-living for workers in setting minimum wage rates, in addition to median average earnings and wider economic factors. Such evidence should include, but not be limited to, the current level of Retail Prices Index of inflation (RPI). Information on why GMB considers RPI as a more reliable measure of workers' cost of living than other indexes can be found in GMB's 2021 Congress Statement on Pay and the Cost of Living.[3]

GMB believes that its recommendations on the future role and remit of the Low Pay Commission are in the interests of all, including the government. They would help ensure a statutory minimum wage that is truly a decent minimum standard of pay that workers can live on and an economy that grows from healthy competition between employers in the labour market, rather than a 'race to the bottom' at the expense of voters' living standards.

Enforcement

The Low Pay Commission's 2022 Report notes that the number of workers underpaid the national minimum wage increased by 100,000 in 2022 compared with 2019, appearing to be linked to large numbers of workers still being paid the previous year's National Living Wage rate.[4]

The test for a statutory minimum is its ability to be a genuine wage floor. Paying staff correctly for the work they do is a basic responsibility of any employer and any breach of this, whether intentional or in error, can have devastating impacts on an employee's life outside of work.

GMB does not believe that minimum wage compliance and enforcement will become any more effective by unequally distributing focus and resources to one type of breach over another, as appears to have been called for by employer representations to the Commission's 2022 consultation.[5]

Instead, proper resourcing is needed for both enforcement and education for employers. Underfunding and the government's failure to publish proposals for a Single Enforcement Body to be scrutinised, despite committing to doing so in 2019 continues to frustrate the ability to properly address any of these issues.

The Commission should urge the Government to publish its proposals to improve minimum wage compliance and enforcement across the economy

for scrutiny, whether the proposals are for that work to be undertaken by a Single Enforcement Body or otherwise. More immediately, the Commission and enforcement agencies should be given more resources to carry out their work.

Jobs that pay below the National Minimum Wage rate remain largely within the low paying sectors identified by the Commission.[6] **The government should allow more proactive work between enforcement agencies and trade unions, including a widely trusted third-party complaints system and providing unions with more information about non-compliance in the sectors they represent workers in**. Ultimately, to minimise low pay and non-compliance in these sectors, the government should work with relevant trade unions in them to establish sectoral bargaining structures to encourage better employment practices through agreed industry standards.

GMB's National Minimum Wage Policy

GMB has consistently called for the National Minimum Wage to be replaced with a Real Living Wage rate, which GMB believes should be at least £15 an hour applicable to workers of all ages.

GMB's core wage demand remains unchanged from our previous year's submission to the Low Pay Commission. GMB members at our 2022 Congress instructed their union to continually review inflation rates which remain at their highest in decades and follow 15 years of real terms pay stagnation for workers.

The National Minimum Wage was initially set too low and, like average wages, it has struggled to keep up with the cost of living with below-inflation uplifts in both 2022 and 2023. GMB's core demand wage policy remains unchanged from our submission to this consultation the previous year. Further details of our assessment are set out in our Economic and Labour Market Outlook section.

To meet GMB's aspiration of raising the statutory minimum to a level that all workers can truly live on, **the National Minimum Wage should effectively**

cover all workers on low pay in the first place such as those who fall outside of the traditional definition which is based on hourly earnings.

GMB also opposes age-based criteria in the National Minimum Wage rates and call for the abolition of discriminatory lower wage rates based on age, as further outlined in the ‘young workers’ section of this response.

Economic and labour market outlook and the National Minimum Wage

Across the UK, the general public are paying the price for the Government's failure to invest in our essential infrastructure and its embrace of a low wage and low investment economic model. Workers are suffering the steepest real-terms cuts in living memory, and enormous economic damage is being done because people can't afford to pay the bills.

Households are facing the sharpest cuts in real disposable incomes since records began in the 1950s[7] and core inflation is at its highest rate since the early 1990s. The RPI inflation rate is currently 11.3 per cent and the CPI inflation rate is 8.7 per cent. Price rises in essential categories such as energy and food are hitting the lowest-income workers the hardest.[8]

Persistently high inflation has effectively wiped out the real-terms gains anticipated from the 2023 increase in NMW rates. Against this backdrop, it is essential that low-income workers, who are exposed to the hardest consequences of the cost-of-living crisis, receive a substantial pay increase.

Although the Low Pay Commission may receive arguments on alleged inflationary effects of National Minimum Wage increases, recent research has undermined the evidence base for the concept of serious and long-run ‘wage-price spirals.’[9] The OECD has said that the assessed risk of a wage-price spiral arising from minimum wage increases is ‘likely limited,’ and this risk is particularly limited in the UK.[10] Even academics who do support the existence of link between minimum wage rises and price increases have said that such increases would be marginal in the UK, due to the relatively small proportion of the workforce that is subject to pay setting under the National Minimum Wage legislation.[11]

National Minimum Wage rises are affordable. Despite the severe implications of the cost-of-living crisis for workers, there is strong evidence that a significant proportion of price rises equates to profit protection, and that falls in wholesale costs are not being passed on to consumers.[12]

The net profit rate for private non-financial corporations was estimated as 9.8 per cent in the fourth quarter of 2022 – the same rate was achieved in the fourth quarter of 2006.[13] Similarly, an estimated £221 billion was paid out in corporate dividends in 2022. This represented a real-terms increase of 39 per cent on pre-financial crash (2006) levels.[14]

Even in the privately-operated social care sector, where National Minimum Wage increases are one of the main drivers of costs, approximately £1.5 billion was extracted from the sector in disguised profits in 2019.[15] When adjusted for measures of underlying profitability (principally EBITDARM), the profitability of private social care providers is similar to other companies.

The National Minimum Wage rate is the Government's most direct means of protecting and improving the living standards of some of the lowest-paid workers, as well as achieving wider social goals. In line with Treasury modelling principles[16] and the theory of diminishing marginal utility of income, a substantial increase in the National Minimum Wage should be one of the most cost-effective means of realising the greatest social benefits as a return on investment. Higher National Minimum Wage increases would also improve aggregate demand and reduce the risk of recession.

The Impact of the National Minimum Wage and National Living Wage rates

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

Little weight should be given to arguments that link National Minimum Wage increases to job losses. Such arguments have been made since before the establishment of the NMW, and no convincing evidence has been brought forward in support of the contention. Previous research undertaken for the Commission found that, during the late 2000s' recession, National Minimum Wage upratings in the UK 'had no employment effects.'[17]

Rather, GMB remains concerned of the risks posed to the National Minimum Wage rates' effectiveness as a statutory wage floor by unresolved structural issues across sectors of the economy which are often a conscious consequence of central government policymaking and approach. 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.

This example follows wider GMB industrial experience that, too often, employers cite increase in National Minimum Wage rates to justify not awarding increases to employees in other grades which often it can well afford to pay, resulting in narrowing of pay differentials between some roles.

GMB members in the civil service have raised with the union that even central government is no exception to this, despite its own policies creating over a decade pay restraint for workers in the civil service and sponsored agencies.

Members working in the Ministry of Defence, Ministry of Justice and the Environment Agency have told GMB that departments have been instructed to raise pay of those staff affected by uplifts in National Minimum Wage rates on 1 April 2023, and to do that within existing limited resources.

Two departments have increased pay for staff on the bottom grade to the same level as their supervisors but have received no additional funding to restore differentials which GMB members believe encourage staff to apply for roles with more responsibility.

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.

Impact of the National Minimum Wage for particular groups of workers

Young workers and 'youth rates'

The Low Pay Commission states in its 2022 report that its remit for the remaining youth rates is to raise them as high as possible without damaging employment prospects for these age groups. The Low Pay Commission notes that no negative effects have occurred following past improved earnings for younger workers and **the rate for workers aged between 21 and 22 should now be uplifted to the full National Living Wage rate from 2024 as planned**.[18]

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 all final age-based bands should be incorporated into the full rate. GMB firmly believes that the same rates should be paid for performing the same work.**

Young members in GMB continue to actively campaign on this issue. GMB London Young Workers' 'A Living Wage for All Young Workers Demand Fair Pay' Campaign found that 54 per cent of young members in London responding to their survey felt their pay was not fair and relative to similar roles and individuals performing their role. 99 per cent of those surveyed said that they were also worried about the cost-of-living crisis.[19]

Short of full equalisation with the over-23 rate, the under-18 and 18-20 rates should be significantly increased in 2024. One in five workers aged between

18 and 34 surveyed by the Resolution Foundation received financial help from family and friends in the past year.[20] Younger workers do not face substantially lower costs than older workers or have substantially lower productivity yet they can legally be paid substantially less for doing the same work.

Any argument that high youth rates could disincentivise enrolment in education does not reconcile with the fact that the number of 16- and 17-year-olds in employment is already at its highest level since 2009 at a time when workers under 18 can be paid up to 49 per cent (£5.14 an hour) less than colleagues aged over 23 for the same work.[21]

Similarly, claiming that lower youth minimum wage rates are needed because younger workers are 'less experienced' or at higher risk of being priced out of jobs is to a large extent a self-fulfilling statement, as the law gives employers the green light to pay younger workers less for doing the same work as older colleagues. Despite this, 62 per cent of workers aged between 16 and 17 in April 2022 were paid an hourly rate that was above £6.83 (the minimum wage rate for this age group at the time).[22] This aligns with GMB's experience that most reasonable employers are more likely to set pay according to the job than by the age of the employee.

Workers in need of welfare support

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. Universal Credit (UC) and other welfare support should be a safety net and not a punishment, though many of our lowest paid members and those in insecure work are still forced to rely on some type of benefits to help top wages up. 38 per cent of those on Universal Credit were in employment as of March 2023.[23]

Many, including GMB members, continue to lose out as the reduced but still substantial marginal tax rate within UC tapers off certain amounts of additional income they can make from the hours of work they receive. This deduction adds to the government's removal of the £20 uplift to UC payments made during the Covid-19 pandemic, which should GMB believes should have been made permanent and especially through the cost-of-living crisis.

More claimants are becoming trapped in in-work poverty from being effectively penalised by the taper rate for being unable to progress onto more hours and better pay as precarious forms work like zero-hour contracts continue to increase. The Low Pay Commission's aim of a decent minimum standard of pay for all will not be realised if work does not pay for everyone because of the flaws in how our economy and our welfare system works.

Apprentices

GMB has a longstanding policy of campaigning for good quality bona fide apprenticeships to ensure that apprentices are not used to replace or undermine existing staff. Whilst we welcomed the introduction of apprentice pay being covered by the National Minimum Wage framework, the rate remains too low, and should rise substantially and at least in line with RPI inflation following the increase we are calling for in the other minimum wage rates.

Underpayment of the apprentice rate also continues to be a problem as noted by the Low Pay Commission in its 2022 report.[24] **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.**

The experience of low pay and the National Minimum Wage for GMB members in particular sectors

Food processing and supply chain

There remains an underbelly of poor pay and conditions in the food supply chain and workforce shortages remained high in early 2023.[25] GMB has highlighted how low pay and unsustainable working practices have been an overlooked factor behind crises in parts of the food supply chain. [26]

A substantial above-inflation increase to the statutory minimum wage would go some way to attracting and retaining workers in what can be difficult and hazardous work. The sector should also remain in the focus of the Low Pay Commission's compliance and enforcement work after it found that more than 10 per cent of those in lower-paid jobs in the industry were found to be paid below the National Minimum Wage in 2018, particularly women and younger workers.[27]

In 2022, 25 per cent of food and drink processing workers were paid less than 41 pence above the National Minimum Wage applicable at the time, of £9.50 an hour, and 40 percent were paid below the incoming National Minimum Wage of £10.42 which came into force in April 2023.[28]

While a great deal of the sector is formed of small to medium-sized businesses, two-thirds of the workforce are employed by only 260 large firms.[29] The combined market share of food and non-alcoholic drinks of the largest four retailers (Tesco, Sainsburys, Asda and Aldi) also accounted for nearly two thirds of the overall grocery market in 2022.[30]

These larger businesses in the sector need to lead by example in raising pay and conditions in the sector. GMB members at Kober Foods in West Yorkshire have told the union how many colleagues work for only several pence above the top-band minimum wage rate preparing pork meat products for sale in ASDA retail stores. Self-described as "part of the ASDA family,"[31] Kober was acquired in 2016 by ASDA which made £1 billion in after-tax profit in 2021.[32]

Retailers at the end of the supply chain should also exercise joint responsibility for ensuring minimum wage and other regulations are complied with throughout their supply chains, no matter how transactional the relationship with suppliers may be. **Alongside its existing compliance work, the Low Pay Commission should also play a key role holding businesses large and small to account on ensuring decent wages and compliance with the statutory minimum throughout their supply chains, particularly in food and retail.**

Platform economy

GMB has thousands of members organising and campaigning in the platform/app-based economy to reform business models away from low-paid insecure work and for 'flexibility' to be on their terms with guaranteed, decent minimum standards.

The union is organising in an area where the law is still yet to catch up. GMB has supported legislative proposals to provide greater simplicity on employment status, but our focus remains on securing effective enforcement of existing laws, securing day one equal rights for all workers, and improving employment standards through collective agreements.

GMB have reached groundbreaking agreements with several platform/'gig economy' employers and are actively negotiating to implement agreements on minimum earnings, holiday pay and benefits such as pension and ensure they provide decent living standards.

However, this is work being done in just some of the platform companies and there is a crucial role for policymakers to play in raising standards across the board and ensuring that platforms are not rewarded for circumventing their responsibilities on employment rights and earnings security.

GMB played an important role in the landmark Supreme Court ruling that Uber drivers fall under 'Worker Status' and are entitled to the National Minimum Wage and other minimum entitlements like paid holidays and sick pay. A year on from that ruling, following recognition and negotiations with GMB, tens of thousands of Uber drivers secured increased minimum earnings yet those working for other private hire firms continue to lose out as those firms refuse to give them the rights GMB believes they deserve. GMB has been calling on licensing bodies like Transport for London to create a level playing field by making all companies licensed play by the rules on Worker Status.[33]

The Low Pay Commission should echo GMB's calls on licensing authorities to eliminate exploitative forms of bogus self-employment and ensure that all drivers at least have access to the benefits provided under worker status, as a condition of any license awarded to private hire firms to operate in within their local boundaries. This would help ensure that paying the minimum wage is not undercut by firms who do not play by the rules.

Schools

We are concerned that not all categories of low paid workers are captured within the Low Pay Commission's current remit. GMB members working in schools continue to report that low pay is a chronic and under-recognised problem among school support staff roles.

This is, 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 extension of these inadequately resourced term-time only contracts along with inconsistent approaches to calculating pay and allowances has had a devastating impact on GMB members in schools. The average teaching assistant's pay in 2022 was £14,050 a year.[34] One in three school support staff workers in London have considered using a food bank.[35]

Schools and other educational providers are now finding it increasingly difficult to recruit and retain support staff during a historically tight period in the labour market. reports indicate that School support staff vacancies have almost doubled since before the pandemic and schools are struggling to fill posts. At one point in 2020, teaching assistants were the highest shortage occupation in the country – second only to HGV drivers.[36]

The structural underpayment of support staff was an injustice before the pandemic. Public sector pay setting for school support staff is a matter of central government policy and important progress was made towards establishing standards on pay and terms and conditions under the School Support Staff Negotiating Body (SSSNB) before the Cameron Government abolished it in 2010. GMB believes that the SSSNB should be restored and its work continued.

The Low Pay Commission should echo calls for the government to restore the SSSNB in order to find a sectoral solution to chronic low pay issues in schools, and expand its remit to monitor structural causes of low pay across the public sector and the wider economy.

Security

GMB is the leading trade union for security workers, representing thousands of workers across the industry from frontline door supervisors to cash-in-transit workers and many working on contracts awarded by the public sector. In doing so, our members provide a key service for everyone using national infrastructure and public services, not only in providing safety and security but also additional customer service and facilities management responsibilities.

However, many security workers do not receive the recognition and reward they deserve, as sections of government continue to outsource their security work often to the lowest bidders, perpetuating a 'race to the bottom' in the sector.

Some security solutions providers awarded these contracts have openly treated the National Minimum Wage as a ceiling rather than a statutory wage floor or have otherwise cut corners to meet wage floor uplifts which they can well afford to pay, as highlighted in previous GMB responses to this consultation.

61 per cent of staff contracted by the Government to provide security for DWP Job Centres are paid no more than the statutory minimum 'National Living Wage' rate of £10.42 an hour. This amounts to more than 2000 employees.

The provider employing these workers has advised GMB members that it will not contribute any of its own funds in 2022 to supplement the 5.5 per cent increase that the Department for Work and Pensions is obliged to pay under the contract indexation arrangement. It has claimed that it cannot afford any additional funds of its own despite being a provider that enjoys healthy, multi-million-pound profits.

As a result, the majority of staff who are on the lowest grades had to receive a further increase of between 0.2 and 1 percent from the DWP simply to comply with national minimum wage legislation, which is also eroding the differentials with higher graded staff.

According to the company, the Treasury rejected its request for additional funds for staff pay, and has done so at a time of historic rises in cost of living. To GMB's knowledge, the government has also made no representations to the company to urge that they raise their wage levels further to ensure that wages for the lowest-paid staff are above the legal minimum that the government itself has legislated for.

Average wage levels across the security sector are not substantially better. According to ONS data, the median average hourly wage in 2022 for security guards and related occupations stood at only 62 pence an hour above the National Living Wage rate effective from April 2023.[37] A snapshot survey conducted by the Security Industry Authority in 2022 also indicated that pay rates are usually the National Living Wage in the sector.[38]

It is then no wonder that low pay is listed as one of the top barriers to recruitment and retention in the sector by the SIA[39], especially when combined with the significant hidden costs footed by security workers in maintaining their licence and training accreditations in order to continue working in their profession.

The government continue to argue that when taking inflation into account the SIA licence application fee is cheaper in real terms than it was in 2004, at £190. However, this does not mean that these costs are necessarily cheaper for a security guard who has to apply and renew this licence every three years. GMB analysis of ONS labour market data against RPI inflation shows that security guards and related workers were £1.39 an hour worse off in real terms in July 2022 than they were in July 2004 (a real terms cut of over 11 per cent). This real terms loss amounts to roughly £55 a week or £2.900 a year based on the 40-hour week that these workers work on average excluding overtime, according to the ONS.[40]

GMB expects to see recruitment and retention challenges in security guarding continue 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. **GMB restates its call that the Low Pay Commission should be given a wider remit to look into sectoral causes of low pay in security more closely and make recommendations.**

Social care

Long underfunded by central government, fragmented by privatisation and increasingly cut back by profit maximisation efforts of private providers, social care in the UK is at risk collapse in the near future. What keeps the sector running is the dedication of immensely skilled care worker professionals who work under incredibly difficult circumstances for little reward.

Instead of being properly recognised and rewarded, a workforce of mostly women, with a quarter from black, Asian and minority ethnic backgrounds, are expected to survive on a whisker above the statutory minimum.

More than a quarter of residential care workers lived ‘in or on the brink of poverty’ even before the cost-of-living crisis hit, according to the Health Foundation.[41] GMB continues to receive reports of members in social care having to use food banks, eating one meal a day or leaving their homes unheated to make ends meet.

Average hourly pay for care workers and home carers across the UK remains a matter of pence above the current National Minimum Wage rate of £10.42 an hour, according to ONS estimates.[42] The statutory minimum remains a 'wage ceiling' target that pay in the sector sticks close to rather than be well above, though there are signs that this sector norm is under pressure from the sector staffing crisis accelerated by effects of historic rises in cost of living.

This crisis comes as more staff are being forced to 'vote with their feet' and leave the sector because the National Minimum Wage – an average wage to expect not the minimum - is not only wholly inadequate but ineffective as a wage floor as non-pay terms and conditions in the sector remain poor.

A third of direct care workers are employed on zero hours in England, rising to over half of domiciliary care workers and all direct care workers in London.[43] 56 per cent of respondents to GMB's Care Survey also reported that they are only entitled to Statutory Sick Pay of £99.35 a week, rather than an employer sick pay scheme. Sick pay funding provided to the sector during the pandemic has now ceased despite issues with Covid-19 still remaining in the sector, forcing staff to choose between keeping residents and colleagues safe or paying the bills.

The National Minimum Wage Regulations should be amended to include care workers' travel time and sleep-in shifts. Care workers remain typically not paid for travel time or sleeping time when on duty and GMB members continue to report disruption to regular sleeping patterns from being in unfamiliar beds or buildings, or as a result of always being on-call. The Supreme Court ruling that staff required to sleep at work are not entitled to the National Minimum Wage for that time has exposed a fundamental weakness in Regulations which must be addressed**. The Supreme Court's judgement rested on an early Low Pay Commission report, and the Commission must now urgently revisit the issue.**

Homecare (domiciliary care) remains the only publicly funded service commissioned by the hour or minute, known as 'Task and Time'. If this model was implemented to the letter the care system would collapse, so instead it relies on effectively underpaying a predominantly female workforce already on low hourly wages as the care they need to provide means working beyond the hours modelled in the commissioning process.

The equality impacts and risks to an effective statutory wage floor posed by this broken model of care cannot be overstated. Over half of domiciliary care workers in the independent sector in England are employed on zero-hours contract[44] and many face rising costs such as in fuel to meet travel requirements between homes.

GMB is calling for central Government to provide urgent and sufficient funding for domiciliary care, and for local authorities and other public bodies involved in the delivery of home care to commit to a block-care delivery model of commissioning. This will help ensure carers are paid for all the time that they are committing and discourage any non-payment of stand time, travel, training and hand-over.

In England, only in the last two years has median average hourly pay for care workers and home carers in the independent sector increased by more than what the National Living Wage rate rose to, albeit also by a matter of pence. This has been seen as a result of employers' attempts to attract and retain staff as pay in social care remains one of the lowest in the economy in general.[45]

However, this slight increase in average hourly pay does not remotely address the 'lost decade' in real earnings for care workers and home carers who in England on average saw hourly pay increase by only 47 pence in real terms since 2012, falling to only 21 pence an hour in Scotland and 36 pence an hour in Wales.[46]

Only in Northern Ireland has hourly pay increased by more than pence in real terms since 2012, by £1.15 an hour. However, this does not account for more recent issues arising from there being no functioning devolved executive in Northern Ireland. One charity mental health care provider has informed GMB members that it is in deficit and unable to increase hourly pay for staff beyond existing near minimum wage levels to respond to rising cost of living, as doing so would require increased funding being authorised by government in Stormont.

It is difficult to see how the National Minimum Wage as it stands can be regarded as a "decent minimum standard of pay"[47] in the care sector, especially when 2022 and 2023 uplifts to the top-level 'National Living Wage' rate rose below the rate of inflation.[48] GMB believes that if the so-called 'National Living Wage' is to truly live up to its name and purpose it should reflect a real living wage that our members can live on, which is £15 an hour.

GMB's £15 an hour campaign was started by our members in care, not only to secure the living standards they need and the respect they deserve but to save the future of their sector. Only by properly valuing and rewarding these frontline workers on low pay with a substantial, above-inflation increase will the sector meet the challenges it faces in the next decade and avoid collapse.

More than nine in ten of members responding to GMB's Care Survey believe that low wages put people off working in care and in 2022 it emerged that the number of workers in the sector shrunk by 50,000 in one year.[49] The sector may lose a further 430,000 people in the next 10-years if workers aged 55 and over decide to retire, according to Skills for Care.[50]

This move backwards comes as the clock is ticking for the sector to ensure it is fit for exponentially rising demand in the future. Up to 627,000 extra social care staff will be needed to improve services and meet demand by 2030 in England alone, according to the Health Foundation.

The staffing crisis threatening the future of social care delivery cannot be solved without substantially raising care worker pay and through proper central government funding that reaches the frontline of care delivery.

The Low Pay Commission should call on the government to work with trade unions representing care staff, with care providers and sector bodies to ensure a fair and workable funding settlement in social care. One that gives proper pay, terms and conditions to the frontline staff doing the work, with £15 an hour becoming the hourly minimum they can expect to be paid.

It is also essential that any funding model for care to ensure public money stays within the delivery of this essential public service. As the sale of formerly private equity-owned Four Seasons Healthcare marks the second collapse of a national care company in a decade**, the Low Pay Commission should consider supporting GMB's calls for new transparency standards and a public inquiry into financial engineering of the care sector**. A care model where workers are paid too little to make ends meet while some private providers disguise their profits in secretive tax havens is as blatant as it is unsustainable.

These crucial sectoral issues continue to drive low pay for so many to the point of structural crisis in a key public service. They should not be seen as 'no-go areas' for the Commission to make recommendations on.

Full list of recommendations for 2024 in order of inclusion in GMB's written response

- **From 2024, the Low Pay Commission needs to be granted a wider remit to address all forms of low pay and their structural causes in the economy and make recommendations, including across supply chains and low pay in our own public institutions.**

- **As part of any new target pathway after 2024, the Low Pay Commission should account for evidence on rising cost-of-living for workers in setting minimum wage rates.**

- **The Commission should urge the Government to publish its proposals to improve minimum wage compliance and enforcement across the economy for scrutiny, whether the proposals are for that work to be undertaken by a Single Enforcement Body or otherwise. More immediately, the Commission and enforcement agencies should be given more resources to carry out their work.**

- **The government should allow more proactive work between enforcement agencies and trade unions, including establishing a widely trusted third-party complaints system and providing unions with more information about non-compliance in the sectors they represent workers in.**

- **GMB has consistently called for the National Minimum Wage to be replaced with a Real Living Wage rate, which GMB believes should be at least £15 an hour applicable to workers of all ages.**

- **The National Minimum Wage should effectively cover all workers on low pay in the first place such as those who fall outside of the traditional definition which is based on hourly earnings.**

- **The rate for workers aged between 21 and 22 should now be uplifted to the full National Living Wage rate from 2024 as planned.**
- **GMB continues to see no compelling evidence to support differential rates in the minimum wage and all final age-based bands should be**

incorporated into the full rate. GMB firmly believes that the same rates should be paid for performing the same work.

- **Short of full equalisation with the over-23 rate, the under-18 and 18-20 rates should be significantly increased in 2024.**

- **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.**

- **The Low Pay Commission should play a key role holding businesses large and small to account on ensuring decent wages and compliance with the statutory minimum throughout their supply chains, particularly in food and retail.**

- **The Low Pay Commission should echo GMB's calls on licensing authorities to eliminate exploitative forms of bogus self-employment and ensure that all drivers at least have access to the benefits provided under worker status, as a condition of any license awarded to private hire firms to operate in within their local boundaries. This would help ensure that paying the minimum wage is not undercut by firms who do not play by the rules.**

- **The Low Pay Commission should echo calls for the government to restore the SSSNB in order to find a sectoral solution to chronic low pay issues in schools, and expand its remit to monitor structural causes of low pay across the public sector and the wider economy.**

- **GMB restates its call that the Low Pay Commission should be given a wider remit to look into sectoral causes of low pay in security more closely and make recommendations.**

- **The National Minimum Wage Regulations should be amended to include care workers' travel time and sleep-in shifts. The Supreme Court's judgement on sleep-in shifts rested on an early Low Pay Commission report, and the Commission must now urgently revisit the issue.**

- **The Low Pay Commission should call on the government to work with trade unions representing care staff, with care providers and sector bodies to ensure a fair and workable funding settlement in social care. One that gives proper pay, terms and conditions to the frontline staff doing the work, with £15 an hour becoming the hourly minimum they can expect to be paid.**

- **The Low Pay Commission should also consider supporting GMB's calls for new transparency standards and a public inquiry into financial engineering of the care sector**.

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GMB Union
Mary Turner House, 22 Stephenson Way, London, NW1 2HD
General Secretary: Gary Smith

For further information, please contact:
Ross Holden, Research and Policy Officer
Tel: 0207 391 6757
ross.holden@gmb.org.uk