

Low Pay Commission:  
Low Pay Commission Consultation  
June 2019

The Consultation

The Low Pay Commission is the independent body that advises the Government on the level of the minimum wage. The body have been asked to recommend in October of this year the National Minimum Wage and National Living Wage rates to apply from April 2020.

The current target for the National Living Wage will be met (subject to sustained economic growth) by April 2020. Views are also sought on the path for the minimum wage beyond 2020. In the 2018 Budget, the Chancellor stated his intention to give the Low Pay Commission a new remit beyond 2020. Views are being asked for on the basis of how the existing target for the National Living Wage has worked and on potential future arrangements.

The Scottish Women's Convention (SWC)

The Scottish Women's Convention (SWC) is funded to engage with women throughout Scotland in order that their views might influence public policy. The SWC uses the views of women to respond to a variety of Parliamentary, Governmental and organisational consultation papers at both a Scottish and UK level.

The Scottish Women's Convention engages with women using numerous communication channels including Roadshow events, Thematic Conferences and regional contact groups. This submission provides the views of women and reflects their opinions and experiences in a number of key areas relevant to the issues around employment and the effect of wages on living standards.

## Economic Outlook

The SWC has consulted with women concerning the national living wage given that it predominately affects women and their families. Employment which pays the minimum is often undertaken by women and tends to be exploitative in terms of flexibility and zero hour contract structure. A detailed analysis of these inequalities must be undertaken as a major part of any enquiry into how the national living and minimum wage affects half the UK population.

Women make up the sheer majority of those employed – or underemployed – within the labour market on the National Minimum and National Living Wage. Access to employment from a gendered perspective is extremely narrow and tends to be funnelled towards lower paid jobs, often part time and in precarious contracts.

Occupational segregation alongside gender streaming and stereotyping continues to perpetuate women's economic potential, training opportunities and career development. Clustering in low paid, low valued work is systematic of an unequal agenda blindsided against 52% of the population and leads to an assembling of women at the bottom of the hierarchy.

The retail and hospitality sectors, for instance, are littered with a high volume of women at the lower end of the pay scale. Not only does this proscribe further proof of the gender pay gap, it also leaves many women having to contend with both abuse and sexual harassment in these environments which only seeks to reinforce gendered workplace inequality. Blindness to this form of discrimination occurs critically at all aspects of the labour market.

Wages continue to stagnate at some of the lowest levels on record despite the rising cost of living. Coupled with insecurity from EU withdrawal and a decrease in collective bargaining and trade union representation, this has led many women into extremely vulnerable conditions forcing them into poverty and exploitation. The widening of income distribution levels throughout society only seeks to reinforce the adage that those at the very bottom of the income scale is unsustainable in a twenty first century society despite record high employment rates.

Failure to acknowledge and include specific guidelines around the gendered nature of the National Minimum Wage (NMW) and the National Living Wage (NLW) will illustrate a widening of this inequality if it is not seen as a targeted priority. In relation to this, there is confusion amongst many over their rights. Terms such as National Minimum/Living Wage as well as the non-enforceable "Living Wage" are banded about but all mean different things.

## Impact of the National Living Wage

Women are overwhelmingly supportive of the implementation of a legal NLW that has the potential to lift many out of poverty and help to put an end to exploitative contracts. It is felt, however, that there is still much more to be done at a legislative level in order for full potential to be achieved. Many women have commented that the present rates have done little to generate action amongst employers who continue to pay the lowest legal basic requirement meaning economic pressure, job instability and grievances amongst workers due to age band discrimination in wage structure.

At present, the minimum payment of £8.21, whilst having risen in April of this year, is still too low to mitigate an acceptable standard of living. The Living Wage Foundation has calculated the real rate to be at present £9.00 across the UK outside of London. More needs to be done to legislate for an acceptable wage that will lift women out of poverty. This would have added benefits to employers including increased motivation and productivity amongst workers.

Since implementation of the NLW, many women in current or new employment have seen their contracted hours altered in some way, more often for the worst. This is often done in a way that is seen as a “restructuring” of the organisation. Many employers have put through new contracts which can state that women must reapply for the roles they held previously.

In terms of the NLW, this has a particularly pernicious impact on women taking up roles which are seen as providing easier access to the likes of part time contracts and flexible working hours to coincide with caring responsibilities. Women can work unsociable hours, often in smaller employment establishments or work alone. Vulnerable and insecure working environments can cause women stress and anxiety. As described above, the legally enforced wage deemed acceptable for living standards by the UK Government is significantly lower than what is actually needed to be able to provide an acceptable standard of living.

## In Work Poverty and the NLW

Women are in agreement that the current NLW is simply not enough. This lack of quality pay and conditions described above bestows much of the increase around in work poverty that has occurred in the last number of years. The promulgation of women in low paid and precarious contracts including zero hours and the bare minimum NLW mean many women have to rely on social security.

This insurmountable growth has seen the perpetuation of welfare reform including the roll out of Universal Credit and ongoing welfare cuts and freezes. Not only has this led to an over-reliance on food banks as well as rent arrears, it has perpetuated the income gap between men and women.

## The Minimum Wage Beyond 2020

Women are not only more likely to be on the lowest minimum wages, but are also more likely to be routed in these positions for much longer periods of time than men. Simply uprooting the NLW by a small fraction without taking into account other mitigating factors, gives no consideration to the inequalities that women are historically impacted by.

There is a lack of policy, at present, to combat age band discrimination or job restructuring within the workplace when it comes to enforcing the NMW, for instance. The Government should work in tandem with business in order to actively seek and evaluate how wage bands take hold in terms of gender.

Going forward, the minimum wage should be structured around the cost of living, taking account of inflationary issues as well as other mitigating factors in an uncertain economic environment. Uprating by a simple fraction year on year fails to take into account the scale of poverty.

## The GIG Economy and Precarious Work

Other issues outwith the actual pay scale are often forgotten:

- Statutory Sick Pay is at a significantly lower level than the NLW and is only available for “employees” as opposed to those on casual or zero hours contracts.
- Many who work in retail have low hours contracts, having to work unguaranteed overtime in order to make ends meet.
- Since implementation of the NLW, many women in current or new employment have seen their contracted hours altered in some way. This means that employers do not have to pay key rights such as holiday or sick pay at the new higher rate.

The gig economy allows organisations to exploit individuals as “independent contractors” as opposed to workers meaning no entitlement to sick pay, pensions, annual leave or –crucially – a minimum wage. The Government must review this method of working in relation to minimum wage bands.

Due to the flexible nature of this type of work, women are being forced to accept this type of employment as the only option available.

## Automation

The growing risk of automation leaves many women at risk of job loss and underemployment. There are feelings of anxiety and fear around the threat of this type of work. Analysis of new upratings in the NMW and the NLW must take into account the toll that this may have on the most vulnerable of workers.

Investing in skills and development for women in order to combat the negative effects of ongoing automation must be considered when looking at wage upratings.

## The Brexit Impact

Job insecurity continues to haunt women across the country. The impact of Brexit has led to fear and uncertainty over future employment, UK funding and worker's employment rights that stem from Europe.

The impact on wages and conditions, most notably for those on the most insecure contracts, is still unknown. With much of the UK's equality and employment legislation stemming from Europe, women are concerned of the effect that EU Withdrawal will have on employment legislation as well as the relocation of many EU companies away from the U.K.

## 21-24 year olds

Young women face acutely differing challenges in terms of employment and the labour market, heightened by the legally allowed use of age band discrimination laid out within NMW regulations.

Often clustered in service industry jobs, many young women face lower wages than their older counterparts whilst also having to withstand high levels of abuse, often highly gendered and sexualised in nature, simply for doing their job.

Women do not agree with or support the different minimum wage rates, which vary depending on the age of the worker. Seen as discriminatory and unfair, it is improbable that two individuals could be undertaking the exact same role yet be paid differently. This has contributed negatively to not just unemployment but also underemployment by women. Many employers will sacrifice women over the age of 25 for a younger person simply because they can pay them less. Not only does this inhibit employment of those over the age range, it also ensures that women of 24 and under are being paid less money for doing exactly the same job as their counterparts.

Situations whereby young women are forced to undertake more than one part time job in order to make ends meet are particularly acute for those who are under 25 years old and in receipt of the minimum wage. Not only does this contribute to in work poverty, it has a detrimental effect on women in education, lone mothers and those with caring responsibilities. Age ranges should be analysed more robustly in order to achieve equality.

## Compliance and enforcement

The problem with imposing the NLW rate has very little to do with implementation, but more exploitation. As described above, many private sector organisations will seek to get around NLW rates by paying someone younger less money which in turn leads to various other problems including exploitative contracts.

Whilst there are currently laws against paying under the NLW, more should be done to enforce this. Companies should be forced to publish wage rates in order to ensure compliance whilst fines should be increased from their current level to ensure organisations are within the remit of the law.

### List of Recommendations concerning National Minimum and National Living Wage Rates:

- Ensure wage measures take account of inflation, particularly after EU Withdrawal, to offset the rising cost of living.
- Information through government funded campaigns to make people aware of new upratings in minimum wage limits. This should include stricter and more rigorously enforced penalties for those who do not comply with the law.
- More value placed on jobs which routinely go underpaid and where women dominate. For instance, in the care sector.
- Work cooperatively with business to ensure wage rates are seen through the lens of increased productivity, morale and economic gains, rather than solely as a rise in company overheads.
- Incentives to showcase trade unionism and collective bargaining, including an encouragement of trade union representation in sectors with low uptake and with high numbers of young women on precarious contracts
- Ensure adequate resources for funds dedicated to encouraging skills and development for women and an increased awareness for those in need.
- Reversing cuts to the Work Allowance element of Universal Credit
- Spearheading innovative techniques and research to boost skills and development specifically for women to counteract the threat of automation on employment.
- Legislative pressure on businesses to include information through induction and further training to ensure employees know their rights. This should also include clear definitions complimenting legislation as to laying out the company's policy in terms of wage ratings.

### Conclusion:

Establishing clear links between the way in which the labour market continues to be dominated, segregated and under represented in terms of women is fundamental to the analysis of the National Minimum and Living Wage. Obstacles are often doubly hard in areas where structural gender inequality is pervasive but reforms do not necessarily take this into account, thus leading to an extrapolation of poverty and struggle for the most vulnerable in society and their families.

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