

Scottish Women's Convention response to:

The Low Pay Commissions, "Evidence on the National Minimum Wage" July 2017

The Consultation

The Low Pay Commission (LPC) is the independent body that monitors the impact of the National Minimum Wage (NMW). Evidence is being sought as to the impact of the most recent increases to inform thinking about future upratings. The LPC undertakes consultation on the effects of the minimum wage each year and future rates with a view to building the evidence base and providing recommendations to the Government.

The National Living Wage (NLW), the rate applying to workers aged 25 and over, was introduced subject to a relative target – 60 per cent of median earnings by 2020 – so its cash value changes in line with economic circumstances. As of April 2017, this was raised to the legally required standard of £7.50 per hour.

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.

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.

[What has been the impact of the NLW since April 2016? The rate was set at £7.20 in 2016 and rose to £7.50 on 1 April 2017. Our critical interest is views or data on the initial effects on employment, hours and earnings.](#)

Women are supportive of the implementation of a legal NLW that will lift many out of poverty and help to put an end to exploitative contracts. It is felt, however, that much more needs to be done at a government level in order for this to be achieved.

At present, the minimum payment of £7.50, whilst having risen since last 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 £8.45 across the UK outside of London.

Many women have commented that this has done little to generate action amongst employers who continue to pay the legal basic requirement meaning economic pressure, job instability and grievances amongst workers due to age distinctions.

“These huge private companies should have the living wage imposed on them by the Government, anything else just lines the guys at the top’s pockets even more!”

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. Alongside this, it could lift women out of unemployment and increase the economy with more money being available for families to spend.

AGE STRUCTURE

Due to the rise in State Pension Age (SPA), older women have been forced to continue working in jobs when they should have retired. Many women, as they age, tend to find themselves occupied in “sandwich” caring of both older relatives and young grandchildren as well as having to continue in employment.

The aging nature of the workforce has resulted in a number of issues in regards to the NLW. Older women often feel displaced and forced into retirement at the sake of younger people. This is a particular issue in jobs where they are on more beneficial employment contracts which offer greater pay and benefits such as increased annual leave. These women have the double problem: their retirement age is rising meaning they have to stay in work despite the likes of health issues and caring responsibilities whilst feeling pressure to quit.

“The saying women have to work twice as hard as men to be thought of as half as good is so true. Women, older women in particular, continually have to prove themselves and their commitment in order to progress in the workplace. Nobody ever asks a 55 year old man if he’s thinking of slowing down to help take care of his grandchildren,”

One of the main areas of contention that should be analysed thoroughly by the LPC is the implementation of a NLW that is based solely on age ranges. Women across Scotland are

in overwhelming agreement that this particular legislative caveat is a strong inhibitor of productivity, employment and worker's rights within job roles.

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.

This policy is extremely disreputable. Not only does it perceive younger worker's as less valuable than their older counterparts, it also fails to take into account the likes of young mothers who are often lone parents.

"These women have enough difficulties already trying to get childcare arranged. Is it any wonder they'd rather be unemployed? Working is leaving them out of pocket!"

PART TIME WORK

One of the main issues women have with the NLW is that whilst it is legally enforceable, it continues to be lower than what is needed to live on. This is a particular issue with sectors that routinely offer part time employment. Women throughout the UK make up the majority of the workforce that are employed on a part time basis. These employees tend to be seen as less committed than those on full time contracts. As a result, they are often overlooked for pay rises or career progression and development.

CONTRACT TYPE

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.

"In my old job, I did hours of unpaid work just to go home and look after my family. I'd field calls and emails, all because I was petrified of losing it. It's awful but at the end of the day, you have to feed your family and a job is a job"

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. This is often a "legal loophole" way of cutting pay and hours for the employer's benefit.

"Many women will take this option without a fight just to be able to earn a wage".

There is anger that the government, whilst condemning this, has made no moves to introduce legislation to tackle this practice. Industries where women make up the majority of employees, such as hospitality and private care companies, use these changes for their own gains.

Temporary, seasonal and part time jobs are often the only work available in rural Scotland, where women are massively underemployed. As well as a lack of childcare services, public transport in these areas is “*expensive and unreliable*”.

“Buses in this area are extortionate. If you’re on minimum wage then you’re working two or three hours a day just to be able to get to work.”

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

What must always be kept at the forefront during any analysis of the NLW is that of those who will be affected, the overwhelming majority is women. Due to a number of reasons, women continue to dominate in jobs which pay the minimum such as hospitality and retail. Despite a rise in the NLW, this has done little to offset a number of measures that have had an adverse effect on women. Factors ranging from: lack of employee flexibility, costly childcare and UK Government austerity measures have colluded to ensure that women’s inequality persists.

In relation to this, there is confusion amongst many over their rights. Terms such as National Minimum/Living Wage as well as the “Living Wage” are banded about but all mean different things with the former legally enforceable and the latter not.

Childcare is a major hurdle for many women when it comes to employment. As the Government sees work as the best route out of poverty, it is vital to consider the provision of accessible, affordable, wrap-around childcare to ensure women are able to re-enter the labour market and sustain employment. This makes entering work challenging and women are often forced to undertake part time work which, once off-set with the cost of childcare, makes them unable to move out of poverty.

“I’m seriously considering giving up work because the cost of childcare is not making it worth my while. I want to work, I want my kids to grow up in a household where their mum works, but it’s costing me as much as my rent and Council Tax combined.”

Women in general require additional support when looking for work. Barriers exist particularly for lone parents, disabled women and those with long term health conditions, women returning to work after having children, those with mental health issues and women who have lived chaotic lifestyles. Any analysis which seeks to look at the NLW must take these factors specifically relating to women into account in order to gain accurate details of how this is working.

The lack of decent living wages and conditions means there is a significant amount of in-work poverty, as well as a reliance on ‘top up’ welfare benefits, such as Housing and Council Tax Benefit and Tax Credits. Changes to the welfare system are making it increasingly difficult for women to claim and be eligible for additional income assistance.

“There are no guarantees my employer will increase my hours so I still qualify for tax credits. I need this money to pay for my childcare. If they can’t increase my hours I really don’t know how I’m going to manage.”

The categories of business in the private sector which are procured by the public sector - such as sales and customer service, cleaners, kitchen and catering assistants - are areas in which women predominate. More work could be undertaken around Public Procurement contracts to ensure that contractors are providing employees with decent pay and conditions.

Gender streaming within schools, lack of accessible, affordable childcare and other barriers such as poor public transport, all contribute to many women undertaking low paid, low skilled jobs.

It is extremely important that the jobs in which women continue to predominate are given a higher status and more value within society. The amount of unpaid work undertaken by women should also be valued much more significantly than it is at the moment. Unpaid carers are estimated to save the economy tens of billions of pounds per year. This should be recognised.

[What has been the effect of the minimum wage and the NLW on workers aged 21- 24, particularly their employment prospects?](#)

The SWC has consulted with various women around Scotland concerning the effect that the difference in “pay per age” has had. The overwhelming consensus is that this is a grossly unfair system which, no matter how indirectly, has further contributed to women’s inequality.

“Five people can be in the same job but each is paid different? How is that right?”

This has a particular impact on young women, who are more likely to predominate in low paid, low skilled work in what are seen as ‘traditional female’ roles. These age discrepancies can lead to the exploitation of young women workers, particularly in certain sectors. The childcare workforce, for example, is overwhelmingly made up of women. In private nurseries in particular, young women who care for children on a daily basis are often only paid the minimum wage. Despite these responsibilities, employees can be paid less than the living wage with a fifth on a non-permanent contract.

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 and in receipt of the minimum wage. The difference in rates of pay dependent on age can make it extremely difficult for young women to enter into and sustain employment.

“There’s an assumption that young people don’t need to be paid as much, as we don’t have the same responsibilities as the over 25’s. This is far from true – many young women have to juggle work, education, childcare and other caring responsibilities. It’s demeaning to be

paid less than someone a few years older. It feels as if we're not as valued by society."

It is grossly unfair that the NLW does not apply to those under the age of 25. This, coupled with welfare reform measures, has the potential to push many young women and their families further into poverty. It also allows for further exploitation of young workers, as many companies may be likely to employ under 25's on temporary, zero hours contracts because they are cheaper than those who qualify for the NLW.

"All that does is create a race to the bottom. Young workers are exploited enough with the widespread use of zero hour's contracts and blatant age discrimination with the varying minimum wage rates. Is it any wonder so many are disenfranchised?"

[To what extent are employers using the 21-24 Year Old Rate \(set at £7.05 since 1 April 2017\)?](#)

The SWC through consultation with many women have found that the problem with imposing the set rate has very little to do with implementation, but more exploitation. As described above, many private sector organisations will seek to get around these by paying someone younger less money which in turn leads to various other problems with the likes of exploitative contracts.

Whilst recognising that a legally enabled wage is functioning, the commission should analyse the age range more widely in order to be successful.

[What has been the effect of the minimum wage\(s\) on young people \(aged 16-20\), particularly their employment prospects?](#)

The SWC recognises the efforts made at both a UK and Scottish Government level to tackle the scale of youth unemployment. This particular age group face a number of barriers unique to them when it comes to seeking work, particularly younger women.

As previously mentioned, women that come under this age bracket face a significant amount of gender streaming in terms of employment. Young women who wish to pursue certain careers are often discouraged through lack of opportunity and support. This needs to be discouraged through education and employer stereotypes.

"More needs to be done to encourage girls into non-traditional careers."

Women at this age need to be directed into jobs that at the moment are seen as male remits. Only in doing this can the government ensure that young women are not disproportionately affected by the lower wage.

"I fear for the future of young people. Many school leavers must have no hope."

What has been the effect of the Apprentice Rate on pay, provision and take-up of places, and training volume and quality?

Whilst commending recent applications by the UK Government to legally require apprentice rates to go up to the standard NLW after the first year, women have noted that this still does not go far enough to end economic inequalities.

For example, within this first year, the rate is still levied at £3.50 – less than half of the NLW for someone over the age of 25 in normal employment. Furthermore, any increase in wages following this period for 16-18 year olds for Modern Apprenticeships (MA's) is still less than the NLW for that age range.

This plays a key role in women's inequality within the workplace. As is the case with employment, many apprentice roles that are seen as male dominated tend to pay more than the base minimum. Even if this is not the case, when fully trained, men are more likely to go into roles that pay more than the NLW. Young women end up taking roles in childcare, hairdressing, etc whereas young men predominate in the likes of construction and engineering.

“Why does a plumber get paid more than an early years worker? Being able to fix pipes is an important job but it's nowhere near as valuable as the young women who look after our kids on a daily basis.”

Younger workers who are in training through a MA or college placement are paid less. These workplaces are, more often than not, non-unionised. Once the young women are fully qualified, they are let go in favour of a younger, cheaper trainees.

“This type of discrimination creates negative divisions within the workforce. It also means there are large numbers of qualified women in competition with each other for other jobs within the sector.”

What are your views on the outlook for the UK economy, including employment and unemployment levels for the period to April 2020, focusing on the next 18 months?

Job insecurity continues to haunt women across the country due to the influxes with the UK economy. The recent fallout since Brexit last year has led to fear and uncertainty over further employment, UK funding and worker's employment rights that stem from Europe.

This brings up a range of other factors specifically relating to women. The rise in SPA, welfare reforms and unstable employment contracts continue to pervade in the private sector and leave many working women vulnerable.

Women who are being forced to enter or re-enter the labour market, as well as those who rely on 'top-up' support from welfare benefits in order to support their families can sometimes be worse off. A small uplift in wages can often raise income above thresholds for benefit qualification.

“If we have another bad winter then I won’t be paying my rent. The money will go towards my gas and electricity instead. I can’t cope with my kids being cold again.”

What has been your experience of wage growth and inflation in the last year and what do you forecast for the next couple of years?

Whilst understanding that the UK Government has set forth plans to raise the NLW to the target of £9 per hour by 2020, this does not go far enough. Continued inflation coupled with little or no wage increases have continued to ensure women bear the brunt of poverty.

The introduction of the NLW at the current rate can, in fact, act as a deterrent to many women in accessing the labour market. The fine line between work which pays a sustainable wage and that which leads to reliance on assistance through the welfare system is very real for many women at present.

“For too many women, going to work is more of a financial strain than staying away from the labour market and relying solely on social security. This is down to a combination of low pay, high rents, council tax and expensive private childcare.”

In-work poverty is a very real issue faced by far too many women. This is especially the case in single mother households where the number of children living in relative poverty continues to rise. Other government reforms continue to underestimate the scale of poverty across the country.

For example, the continuing pay freezes within the public sector combined with rising living costs have had an adverse impact on women considering they make up the majority of workers. These austerity measures are forcing them in ever increasing numbers towards financial hardship.

“They are wanting nurses to work much harder for less pay - on their feet all day and with little respite. Its humiliating, degrading and dangerous!”

What is your assessment of the effects of the UK’s decision to leave the EU, since the referendum in June 2016 and in the future? Has it or will it affect you?

There is much discussion on the *“huge impact”* that Brexit will have on equality and employment issues. With much of the UK’s human rights and equality legislation coming directly from Europe, many spoke of the *“mammoth effect”* this will have on future generations.

Alongside this, there is a fear that many EU nations that employ UK workers will relocate, forcing many people into unemployment.

“I can’t, personally, see any growth from where we are now. It’s a scary position to be in.”

The main priority outlined by women is undoubtedly ensuring that the range of rights brought about by membership of the EU - such as equality, employment and human rights- are maintained and built upon following the UK's exit. Worries over the potential impact on European legislation that an exit may imply for employment legislation is extremely common.

[What are your views on future rates of the minimum wage \(the current structure covers workers aged 25 and over, 16-17 year olds, 18-20 year olds, 21-24 year olds, apprentices, and the accommodation offset\)?](#)

The SWC fully supports any proposal which ensures that the lowest paid workers in the UK are given a Living Wage. However, current rates alongside intended proposals for the future are not suitable enough for a standard rate of living.

Any measures brought about at a government level which will stimulate the NLW and raise it to what is deemed appropriate by the Living Wage Foundation are welcomed. Alongside this, more must be done to end exploitation by employers seeking to find alternatives to having to pay decent wages for their own benefit such as hiring younger workers at lower salaries and zero hours contracts.

“Workers on zero hours contracts are fodder for making profit for big companies rather than being treated as human beings. There’s no humanity with this type of work at all. The insecurity and exploitation makes it very difficult to access childcare, and means too many women are actually worse off because they don’t work enough hours to qualify for top-up benefits through tax credits.”

If the cost of living continues to rise, more people within the UK will be forced into poverty. This in itself will have a much more devastating effect on the economy than forcing employers to pay a little more.

[What issues are there with compliance with the minimum wage? Has the NLW affected compliance and enforcement? Are there any other trends, for example in particular sectors or among particular groups?](#)

Many women have noted that exploitation of worker’s rights has actually increased since implementation of the NLW.

“I’m so aware of the impact of cuts and redundancies but to tell you the truth I’m not going to complain about the changes – I’m just glad I still have a job.”

Exploitative contracts not only do a great deal of harm to women’s health but can often force them out of employment due to the likes of childcare issues. The insecure hours can often lead to financial insecurity and benefit sanctions.

As a result, some women have been affected negatively by the NLW due to the vulnerability it has placed on their working lives. The UK Government must introduce tougher legislation

to target NMW and NLW requirements and zero hour contracts. These measures would support women to access, sustain and progress in the labour market.

[What more could be done to improve compliance? What more could be done to encourage or enable underpaid workers to make a complaint via the formal channels?](#)

In order for organisations to comply with acceptable employment standards more must be done at a legislative level. 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 this is being done.

“It isn’t enough to name and shame these bosses. They just continue like they did before”

[Conclusion](#)

The SWC welcomes and fully supports the Low Pay Commission’s enquiries into analysing how the current legal National Minimum and National Living Wage Rates are affecting people across the UK. It is hoped that this will provide ample scope for the UK Government into setting further legislative agendas that seek to raise wages to equal rates regardless of age and that which provides an acceptable standard of living and end exploitation by of worker’s rights by employers.

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