

**Scottish Women's Convention response to:
The Low Pay Commission Consultation 2020
May 2020**

Premise:

The Low Pay Commission (LPC) is the independent body that advises the Government on the level of the minimum wage. The Commission have been asked to recommend in October this year the National Minimum Wage (NMW) and National Living Wage (NLW) rates to apply from April 2021.

From 1 April 2020, the NLW will increase to £8.72, reaching the target of 60 per cent of median earnings set by the Government in 2015. The Government have now asked the LPC to increase the NLW towards a new target of two-thirds of median earnings by 2024. Alongside this, the age threshold for the NLW will be reduced from its current level of 25, to 23 in 2021 and then to 21 by 2024.

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 women's equality.

[What are your views on the economic outlook and business conditions in the UK for the period up to April 2021? We are particularly interested in views on the following:](#)

[Conditions in the specific sector\(s\) in which you operate, as well as for the economy in general.](#)

The unpredictability of the future landscape as the UK emerges from the current pandemic is extremely concerning for women at both an organisational and individual level alike. Women have found themselves disproportionately hit by the current situation. This has been particularly exacerbated by intersectional traits and where societal, cultural, and economic inequality has manifested over a historical period to deepen this gulf further.

Whilst the SWC commends much of the Government's response to the pandemic in terms of securing jobs, the unpredictability of the situation means that no concrete plan can be formalised. This has led to fears surmounting for women at several levels relating to employment and the outcomes this may have on all other aspects of their lives.

Sectors such as hospitality, retail and cleaning services where women primarily dominate and which often pay the bare statutory minimum – if not less - to the majority of female workers have seen an exponential downturn. Not only is this the case now but will more than likely see some of these sectors in future severely hit, leading to economic depletion for women at the very bottom of the income scale where many are already struggling. This has been further exacerbated by:

- Previous little security or protection afforded to workers in vulnerable sectors which have now seen many women losing jobs at an alarming rate.
- Low income in sectors such as hospitality producing an over-reliance on other economic means such as tips has left many women who have managed to retain jobs in these industries struggling.
- A high incidence of layoffs in sectors where women dominate prior to the announcement of the UK Coronavirus Job Retention Scheme meaning no qualification for furlough.

[Any factors likely to boost demand, or alternatively that could make conditions more difficult \(for example, the impact of the current coronavirus outbreak or changes in the UK's relationship with the European Union\).](#)

The legislative and policy decisions that currently offer much protection for women and recognise many of the issues regarding inequality within employment are implemented through the European Union context. This does not lie exclusively within the realm of EU legislation but is also a focus regarding job security and the financial impact of EU withdrawal coupled with what will likely be a recessionary period in the near future.

One of the major areas of concern is also how the now double impact of the current pandemic coupled with completion of formal separation from the European Union will play out at both an economic and equality level for many women. Whilst, understandably,

EU withdrawal has not been afforded the media attention it usually would, this has led to worries over what this will mean for worker's and equality rights.

This has been a focal point for women working in industries that may find themselves particularly vulnerable where little time is afforded to properly scrutinise a deal struck and the impact that this will have on jobs. The current pandemic has further exacerbated this situation with businesses unable to properly consult with workers on such matters.

The current state of the labour market, recruitment and retention, as well as the potential impact of changes to immigration rules.

The traditionally stereotypical realm of "women's work" has seen sectors in which women promulgate to be continuously undervalued, such as the low wages afforded for those within the social care sector. The continuing underuse of measures which seek to not only enforce wages but also account for the heavy make-up of women within these particular sectors has led to a lower judgement of this type of work. This typically pays the bare minimum and fails to recognise the valuable skills women bring to the forefront within particular occupations. Other issues which may affect women disproportionately within the labour market in terms of wages include:

- A lack of value placed on those working part time.
- A lack of statutory mechanisms to ensure employers adapt to flexible working.
- Less training and employment opportunities for women with other protected characteristics which may see them face double discrimination.
- The absence of strong nationalised return to work programmes for older women wishing to return to the workforce after a career break for caring.

This has led to further promulgation of income inequality within the workplace. Coupled with the lack of a strong social safety net, this has contributed heavily to in work poverty and has been extremely pernicious for women in areas coalescing around:

- The unprecedented rise in the gig economy over the past number of years leaving many, often young and vulnerable, women with little to no employment rights.
- The prevalence of "self-employed" individuals and the current employment legislation classifications of "workers" as opposed to "employees". This leads to many women being exempt not only from wage compliance but also other statutory obligations such as health and safety legislation.
- A decrease in collective bargaining and the rise in sectors where trade unionism is not traditionally high, such as in the service industry, has meant less equal representation of workers at the bottom of the income scale. This has led to fewer pay negotiations and collective bargaining which is contributing heavily to a lack of real terms wage growth.

The experience of wage growth and inflation in the last year and forecasts for the next couple of years.

The SWC notes that using median earnings as a base way to target statutory upratings in wage growth can be a successful model. Worries still abound, however, that it does not provide a snapshot of the current climate where average wages have stalled over the past number of years despite rising costs of living.

Accordingly, the unpredictable future landscape given the Covid-19 pandemic and the Government response will most likely see further stagnation in wages and rising unemployment. This may potentially lead to a situation where achieving a proportion of two-thirds of current wages occurs but does not present a significant uprating in income for many on the base rate.

Apart from the minimum wage, what other factors affect workers in low-paying sectors and occupations? Among other things, we are interested in evidence and views on:

The effect on workers of Universal Credit and other rules around benefits and tax.

Women from across Scotland have voiced a number of concerns regarding the sustained toll that the impact of Covid-19 will have on the economy for years to come. The implementation of austerity measures after the 2008 financial crisis saw women's incomes severely hit and was a major contributing factor in pushing many into poverty. Statutory obligations on employers coupled with schemes taken in future by the Government must account for entrenched equality issues to push forth a sustained economic agenda.

Many women for a number of years have vocalised concerns over the continuing roll out of Universal Credit (UC) coupled with in work poverty. This can be a particular concern where income may change from week to week or month to month due to the lack of a fixed contract or where many women hold two jobs due to underemployment. Accordingly, this coupled with the lack of a secure social safety net leaves many being unable to effectively budget for the coming month and may have severe financial implications.

The relationship between the minimum wage and weekly income.

A lack of a coordinated approach across relevant employee legislation for those eligible for both NMW and NLW rates can often lead to heavy drops in income over a period of weeks. This includes:

- Workers who may be off work sick being only entitled to Statutory Sick Pay which is less than minimum wage rates. This sees a severe depletion of income as a result.

- Use of zero hour and precarious contracts affording few protections and leaving many women with little income. Despite being paid minimum rates, there may be differentials in hours worked on a week to week or seasonal basis.
- A lack of awareness of employment rights for individuals such as holiday pay being based on average earnings over a fixed period. Employers will often exploit this by simply paying the minimum hours afforded by the employee's contract.

What has been the impact of the NLW since April 2016? Our critical interest is in evidence on the NLW's effects on employment, hours and earnings.

The vast majority of women are in high praise of ensuring there is a legislative remit for a national base wage rate that must be complied with throughout the UK by all employers. Over the past number of years, this has seen wages rise accordingly on an annual basis. The major issue, however, tends to lie in the fact that this does not rise at a significant rate to augment increases in the cost of living, particularly for those lowest down on the income scale.

A particular concern around minimum wage rates, for instance, is that rather than extending it to cover all workers currently within employment, some businesses may simply scale back those on lower hours contracts in order to keep wage bills relatively equal to what they were before implementation of new rates.

The Government has set a new remit for the NLW based on achieving a target of two-thirds of median earnings by 2024. Based on forecasts, our current central projection for the April 2024 NLW rate is £10.69, with a likely range of 30 pence above and below this figure. What are your views on this target and on the LPC's approach to this new remit?

Whilst the SWC welcomes the use of a relative figure for measuring earnings, what has to be ensured through implementation is a decent standard of living and equality which can prevent women and their families falling into harsher difficulties.

The current situation has strengthened many women's views that society needs to stop justifying economics through a strictly short-term profitable lens that does not account for sustainable long-term growth and investment in employees. This should include ensuring output is highlighted by a range of other measures including what increased productivity that wage rises and affording staff a decent standard of living achieves.

Economic growth over the past number of years with no significant increase in the living standards of those on the lowest wages has contributed heavily to a widening of the income gap. The growth of in work and child poverty has solidified the need for an uprating in a decent and sustainable living wage that applies to all workers, regardless of age or background. This, coupled with a decent social security system is one of the key ways to lift workers out of poverty. For women who face further barriers, this can often see them facing much more exacerbated conditions including:

- The impact on women in the realm of unpaid care who find themselves within lower paid categories whilst trying to balance this with the small amount that benefits, such as Carer's Allowance, affords them. For many within this grouping, there is a constant struggle between ensuring hours are not uprated to qualify for social security payments whilst struggling to get by on the little income that they have.
- The impact on black and ethnic minority women which may be particularly intense where discrimination can manifest itself with an intersectional dimension, leading to even lower pay and little rights. This can be a major issue particularly where English is a second language and they may be unaware of employment rights, leaving them open to further exploitation.

What do you think has been the effect of the minimum wage on young people and on their employment prospects?

The SWC has been in consultation with women for a number of years regarding the impact of age band discrimination in regard to the NLW and the effect this has on young women. Given the rise in living costs over the last number of years, it is untenable that young women face smaller wages. Where this is the case, social security is often not enough to augment this and many young women do not qualify due to their age.

One of the major issues facing younger people is their over-representation in sectors where basic wages apply. Low trade union representation and jobs characterised by insecure work leave many feeling unable to speak out in case they face the prospect of job termination. This is often coupled with sectors who may take on young women as workers on temporary contracts which are not renewed when they hit age thresholds to seek a higher base rate of pay.

Lowering the NLW age threshold to 23 means the creation of a new 21-22 Year Old Rate, until the NLW age threshold is lowered again to 21.

It is understandable that a lowering of the threshold may have to be taken over time to induce employers to make accommodations for such incremental increases. Businesses should be advised to pay all workers, regardless of age, the same hourly rate.

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 many private nurseries, for instance, young women who care for children on a daily basis are often only paid the minimum wage for their age band.

What issues are there with compliance with the minimum wage and what could be done to address these?

One of the biggest issues regarding non-compliance of wage rates tends to come where workers do not know or are unaware of how to enforce their rights. This can manifest itself through a combination of precarious and insecure contracts which may induce workers into not complaining about low wages due to fear of losing their job. To enforce compliance by all employers, steps should include:

- A commitment from the UK Government that any future measures brought in to reconcile Government spending during the current pandemic will take full account of the equalities process and not put women at risk in sectors where they dominate.
- Commissioning of a taskforce to engage with issues regarding precarious work and the gig economy, particularly in relation to women's insecure employment.
- Encouraging the UK Government to reintroduce Section 40 of the 2010 Equality Act providing for employers to take reasonable steps against third party harassment, including sexual harassment, which disproportionately affects women in sectors where they are over-represented.
- Statutory guidance for employers regarding procedures to heighten training, awareness and ensure the full implementation of robust reporting mechanisms for wage rates.
- Committing to additional funding for agencies to ensure legal help to individuals regarding equality, health and safety legislation and employment rights.

Conclusion

The SWC is grateful for the opportunity to respond to the Low Pay Commission's most recent consultation on National Minimum and National Living Wage Rates to ensure women play a vital role in the decision-making process. As an organisation, we will continue to work with women from across Scotland to gather voices and experiences relating to employment and equality for women.

For further information, please contact
The Scottish Women's Convention
Email – info@scottishwomensconvention.org
Telephone – 0141 339 4797
www.scottishwomensconvention.org

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