



**Unite Submission to  
The Low Pay Commission Consultation on  
Increasing the Minimum Wage**

**June 2023**

## Introduction

Unite remains very concerned about the rate of low pay in the UK. We know lower earners were three times as likely to have lost their job or been furloughed as high earners and are more than twice as likely to do jobs exposing them to health risks<sup>1</sup>.

Last year Unite commissioned independent research from Landman Economics to look at the economic impact of a bolder increase of the NMW/NLW. Howard Reed from Landman Economics also joined us in giving oral evidence to the Low Pay Commission

The report from Landman Economics included an analysis of the economic impact of the introduction of a £15 per hour NMW/NLW using the data from the UK Family Resources Survey [FRS] to identify the numbers of people in the UK who would be directly affected by an increase in the current rates of the NMW and their characteristics. The Landman Economics report analysed three years of FRS data (2017/18, 2018/19 and 2019/20) pooled together; this enabled detailed analysis of the impact of increasing the NMW according to gender, ethnicity, industrial sector, migrant workers and temporary jobs.

The report from Landman Economics found that a £15 per hour increase to NMW/NLW as soon as possible would be distributionally progressive without impacting on jobs and the wider economy. Furthermore, this increase would significantly benefit women, BAEM, young and migrant workers as well as those in temporary jobs where it would have a greater distributional impact across these households. Increasing the earning potential of these people would enable them to save more and invest money in training and progression which in turn would allow them greater competitiveness in the labour market.

In recent discussions with Howard Reed at Landman Economics he has confirmed that this analysis still holds and that there is still a powerful economic case for an increase in the National Living Wage to £15 per hour as soon as possible. In fact, he thought that an immediate increase to £15 per hour is a good idea given the last 18 months of high inflation.

Therefore, Unite continues to call for the NMW/NLW to be set at £15 per hour now.

---

<sup>1</sup> Resolution Foundation: *A new settlement for the low paid; Beyond the minimum wage to dignity and respect.* 2020. [Link](#).

## Executive Summary and key points

Unite continues to support of the Low Pay Commission's role in advising the Government on the rate of the National Minimum Wage/National Living Wage. In addition to submitting this written response, Unite has supported the LPC's evidence gathering sessions through organising workers in typically low paying sectors to participate in evidence sessions with Low Pay Commissioners.

### **Unite raises the following priorities as vital to addressing low pay:**

- **Increasing the minimum wage:** Last year Unite commissioned a report from Landman Economics to ask if it would be economically viable to raise the NMW/NLW to £15 per hour. The findings of the report support a £15 per hour rate of NMW/NLW now, and at least an immediate increase to £13 per hour without loss of jobs and an increase to the Treasury through increased income tax and National Insurance Contributions receipts, increased receipts from expenditure tax (due to higher consumer spending by workers with higher net wages) and lower Universal Credit spending. The NLW increase for April 2024 should be set above RPI to recover falls in real pay and to begin to compensate for being too low initially, in order to protect the living standards of those on minimum wage.

Based on this, as well feedback from our members and a range of stakeholders, this year Unite reaffirms its call for £15 per hour now. Unite maintains that low paid workers, should **not** suffer the burden of this cost-of-living crisis.

- **Closing the gender pay and pension gap:** Unite recognises that more women are in employment than ever before but is also aware that women (as well as BAEM and disabled workers) are more likely to be trapped in lower paid work and to suffer unequal pay gaps, poverty and income loss from austerity. It is commonly cited that women 'choose' these jobs because of flexibility which allows them to fulfil caring responsibilities that they just can't find in better paid roles. But women should not be financially penalised for having children, they should be supported so that they and their families can progress out of low pay. The report from Landman Economics which accompanied our 2022 submission found that a £15 increase as soon as possible would greatly benefit women and have a greater distributional impact in households with female workers and increase their earning potential to save more and invest money in training and progression which in turn would allow them greater competitiveness in the labour market.
- **Tackling the equality pay gap:** Unite is concerned about the patterns of wage inequality which disproportionately impact BAEM workers. Black and Asian ethnic minority workers are disproportionately represented in low paid and insecure work, they face higher levels of unemployment and racism at work. Unite recognises the positive role of the level of the NMW in addressing pay inequality gaps, but remains concerned about the discrimination and lack of progression of BAEM workers and calls on the Government to legislate to tackle ethnic disparities in the workplace by introducing mandatory ethnicity pay gap reporting for all employers and a requirement to take action to close it. There is an issue around outsourcing where

employers outsource lower-paid workers so that they are not included in the pay gap reporting which usually applies to directly employed workers. For this reason, employers should be required to include sub-contracted workers in their calculation. Unite has also campaigned for and supported the TUC's action to highlight the disability pay gap which also requires equivalent reporting and action to close it<sup>2</sup>. Unite is inspired by the results of the Landman Economics report which identified the distributional impacts of a £15 per hour rate of NLW/NMW by ethnicity are particularly progressive for Asian, black migrant workers as these groups currently have higher-than-average incidence of low pay<sup>3</sup>.

- **An average wage families can live on:** Work should be a route out of poverty, yet in-work poverty has been increasing year on year, which particularly impacts minimum wage earners, BAEM workers and lone parents, who are mostly women working in elementary occupations<sup>4</sup>. The rise of in-work poverty betrays the positive developments brought in by the NLW/NMW and increased levels of employment. RPI, the measure of inflation which better represents costs faced by workers compared to CPI or CPIH, was 11.1 per cent in April 2022 and 11.4 per cent in April 2023 representing an increase of 23.8 per cent across the two years. The increase in NLW across the two years was only 16.9 per cent by comparison. This means workers paid the NLW have already seen a real terms fall in their pay of 6.8 per cent between April 2021 and April 2023 alone. And this is from a starting point that is already too low to ensure a decent standard of living. In the latest RPI figures fuel and light is 24 per cent, food is over 18 per cent and clothing & footwear is nearly 14 per cent. Higher inflation for essential items disproportionately impacts those on minimum wage who spend a greater proportion of their income on essentials, meaning a much higher increase in the NLW is required to maintain living standards.

Unite understands that living costs are rising leaving many workers in in-work poverty, as working people's incomes fail to keep up with soaring inflation<sup>5</sup>. Unite believes increasing the minimum wage to £15 now will help to ensure that workers and their families are able to achieve the secure foundations needed to flourish. With rising inflation, energy and food costs, Unite fears poverty will continue to increase to unprecedented levels without a significant policy to raise the lowest pay levels and end pay stagnation.

- **A ban on zero hour contracts:** The proliferation of zero-hour contracts, bad jobs and economic insecurity has left a large segment of the population struggling, living hand to mouth and not knowing if they will have enough money to pay their rent and utilities or even have food to eat. Last year a national survey into the mental health of gig workers revealed gig workers had poorer mental health and life satisfaction than those employed workers<sup>6</sup>. Furthermore insecure employment, such as 'agency work' and 'bogus self-employment', leaves workers with little or no guaranteed work, no

---

<sup>2</sup> TUC: Disability pay and employment gaps 2020. [Link](#).

<sup>3</sup> ONS: *Ethnicity pay gaps: 2019*. [Link](#).

<sup>4</sup> Joseph Rowntree Foundation: UK Poverty report 2022. [Link](#).

<sup>5</sup> Unite Investigates: *Corporate profiteering and the cost of living crisis*. June 2022. [Link](#).

<sup>6</sup> Wang S, Li LZ, Coutts: *A National survey of mental health and life satisfaction of gig workers: the role of loneliness and financial precarity*. BMJ Open 2022;12

way of planning their finances and at the mercy of unscrupulous employers. A Unite research showed that 87% of workers with zero-hours contracts want to be employed on different contracts<sup>7</sup>.

Unite calls for an end to the one-sided flexibility of zero hour contracts. All workers should have an employment contract that reflects an individual's normal hours of work, a statutory minimum contract of at least 16 hours, and a day-one right to a written statement setting out pay and conditions. There should also be a right to reasonable notice of shifts, and payment if shifts are cancelled. This would make flexible working arrangements fairer and protect workers from one-sided and exploitative practices.

- **Ending wage inequality for younger workers:** Unite welcomes the Low Pay Commission's recommendation to lower the age threshold for the NLW to 21 and over by 2024. However we believe that the UK should move towards a position where workers are not discriminated against on the basis of age, but are paid the rate for the job. Unite calls for the rate of pay for all workers to be set at £15 per hour now. The Landman Economics report also looks at extending this rate to younger age groups (18-22), the report found increasing the NMW to £15 per hour or workers aged 18-22 would result in an average gain in net income per worker of just over £5,100 per year.
- **Quality apprenticeships and quality pay rates:** Unite supports apprenticeships as a positive route into employment. Unite calls for proper terms and conditions which include a minimum rate of pay in line with the NMW. Unite is concerned that the apprenticeship scheme is still being used by some unscrupulous employers as a way to save on their wage bill rather than providing quality apprenticeships. Unite calls on the Government to end a loophole in the apprenticeship levy which has allowed some employment agencies and other unscrupulous operators to pass the levy onto its workforce. Many apprentices are being left with non-transferable qualifications. Unite strongly believes that as part of overall quality control and auditing of an apprenticeship, there should be a statutory obligation upon the Training Provider to check that apprentices are fully receiving at least remuneration to the statutory minimums. Unite again calls for the apprentice rate to be set at the NMW commensurate with their age as a bare minimum.
- **Rights of access for trade unions:** Trade unions are at forefront in the fight for better wages, parental rights, holidays, sickness pay and stopping discrimination. With nearly 6.25 million members<sup>8</sup> in the UK, trade unions are our largest voluntary and democratic organisations. Trade unions are on the frontline every day, fighting poverty, inequality and injustice, and negotiating a better deal for working people.

---

<sup>7</sup> Unite Report: *Addressing the pay gap for BAEM workers*. July 2023

<sup>8</sup> Department for Trade and Business: *Trade Union Membership, UK 1995-2022: Statistical Bulletin*. 24<sup>th</sup> May 2023. Link:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1158789/Trade\\_Union\\_Membership\\_UK\\_1995-2022\\_Statistical\\_Bulletin.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1158789/Trade_Union_Membership_UK_1995-2022_Statistical_Bulletin.pdf)

The UK has the most restrictive trade union laws in Western Europe<sup>9</sup>. A barrage of anti-trade union legislation over the past decade has meant that workers have found their ability to organise and take industrial action to challenge these injustices greatly restricted. Both the law and the employment culture in this country place little emphasis on workplace protection and do little to support or respect it. In the hospitality sector our union representatives are routinely thrown out of workplaces. This is a violation of Article 11 of the European Convention of Human Rights which provides that everyone has the right to form or to join a trade union for the protection of their interests. The current trade union laws allow employers to infringe workers' freedom of association. Unite demands that the Government take action to strengthen trade unions' access to workplaces.

- **Sectorial collective bargaining:** In 1975, 84 per cent of workers were covered by collective bargaining and 64 per cent of the national income went to workers. It's no coincidence that while union strength and collective bargaining fell, inequality rose sharply. Unions are central to recalibrating our economy to ensure it delivers for the majority. We see a union premium in all our pay deals. Workplaces with strong trade unions based on the power of the collective are safer, more equal workplaces. Unite calls for sector wide collective bargaining along with proper employment protection to help address undercutting and exploitation in labour markets and the unfair treatment of migrant workers and agency workers. If we are to transition away from a low-wage, precarious economy, increasing the collective bargaining power of our workers is critical. Additionally, modern wages councils for low paid sectors should be part of the Government's Industrial Strategy (or whatever replaces it following the abolition of the Industrial Strategy Council) and the LPC should have a role in bringing sectors together.
- **Trade union facilities:** All workers should have access to a trade union and the right to full trade union representation at work. This access should be free from employer surveillance, and the fear of intimidation should not prevent workers from speaking to a union. Unite calls for a revision in the legislation for dealing with trade union facilities, so that trade union representatives in the workplace have the time, space, resources and powers to carry out their duties which Unite is calling to be extended to union equality representatives. The right of workers to be accompanied by a trade union representative must be enforced and maintained.
- **Collective grievances:** The law as it stands runs contrary to the fundamental right to Freedom of Association as it seems to suggest that workers can only effectively freely associate in order to pursue minimum wage or employment law matters directly with their employer if there is a collective bargaining agreement in place. Without this they are left in the vulnerable position of being forced to individualise every complaint. Unite would like to see a situation whereby a trade union can make a representative action on behalf of a group of workers to an employment tribunal. Unite believes this can be addressed by means of an amendment to the primary legislation and the

---

<sup>9</sup> Unite press release: *Unite vows to confront head-on any further attacks on the right to strike*. 22 May 2022. [Link](#).

accompanying ACAS Code of Practice to allow for collective grievances and representation to be recognised in law.

- **Enforcing the minimum wage:** Enforcing the minimum wage requires collaboration between the relevant enforcement bodies, HMRC and GLAA, and trade unions. Enforcement agencies alone cannot effectively ‘police’ against labour abuses. Improving trade union access to workplaces will ensure that unions will be able to inform individuals of their rights and, critically, ensure that those rights are enforced. Trade union representatives save both time and money by improving workplace relations and enforcing best practice. Unite calls for the reinstatement of the important tri-partite nature of the GLAA. Unite recommends reinstating trade union representatives on the governing body of GLAA and other enforcement agencies to ensure a direct worker voice and good governance. Unite believes this would also restore the ability for workers to report concerns about compliance with NLW and NMW directly to other stakeholders and to the GLAA staff and managers responsible for enforcement and operations, and, as such, disrupt exploitative practices. In relation to the introduction of a single enforcement body Unite is concerned joint working between labour inspectorates and immigration enforcement will undermine the efficacy of UK labour market enforcement with regard to migrant workers, who are more vulnerable to being exploited at work.
- **Increasing the resources of enforcement agencies:** While Unite supports the coordinating role of the DLME, we oppose the creation of a single enforcement body made up of already under resourced GLAA, HMRC NMW enforcement, and the Employment Agency Standard Inspectorate. Unite is concerned the focus of the body will be diverted away from enforcing labour rights to the service of an anti-immigration agenda, with no firewall or ‘safe reporting’ mechanisms to prevent workers who report labour abuses from becoming criminalised due to their immigration status. Two years on from the proposal of changes to enforcement, there is no clear time frame to the implementation of the new system of enforcement. Neither has there been any announcement of extra funds to better resource enforcement. Unite recommends that the Government commits to making substantial increases to current funding for monitoring and enforcement of the NMW, especially needed now that a single enforcement body is being introduced. Unite also recognises the urgency of enforcement in high-risk sectors such as hospitality, warehousing/logistics, cleaning, agriculture and food production industry.
- **Extend the remit of LPC:** The gender pay gap reports have demonstrated the concentrations of women in lower paid areas. Unite again repeats its call for the LPC to have its remit widened beyond advising on the rate of the NMW and look at the causes and consequences of low pay and making recommendations to the Government. Areas of investigation should include the impact of the NLW/NMW on closing the gender pay gap and other equality gaps. The remit of the LPC should be extended to include a long term role – investigating the causes and consequences of low pay.





## 1. About you

Unite is the UK and Ireland's largest trade union with over 1.2 million members across all sectors of the economy including manufacturing, financial services, transport, food and agriculture, construction, energy and utilities, retail, information technology, service industries, health, local government and the not for profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union.

Unite is pleased to submit evidence to the LPC on its further review of the 2024 rate of NMW (including NLW). Unite considers the establishment of the NMW to be one of the most important successes of the former Labour Government. Its introduction and subsequent increases have not had any adverse effects on the labour market, whilst it has benefited millions of low paid workers.

## 2. The National Living Wage

**Q: What has been the impact of the National Living Wage (NLW) in the past year, including the rise to £10.42? Our critical interest is in its effects on employment, hours and earnings. We are also interested in the effect of the NLW on any of the areas listed below:**

### Pay structures and differentials

Unite has seen evidence of the NLW increase this past year raising the wage floor and we continue to negotiate with employers in low paying sectors to move away from NLW/NMW rates.

However, this year in preparation for this submission Unite carried out qualitative research which involved surveying our Unite officers with allocations in workplaces where our members earn the NMW/NLW, among the respondents, some raised concerns that low wages for those who are above NMW were causing resentment towards NMW earners with differential decreases because employers are very reluctant to apply a similar increase to those above. One officer reported;

***“Employers who have been required to pay more - have reduced their costs in other ways - increased use of zero hours contracts in some sectors where employers roll the risk of the business on to the shoulders of individual staff, who are little to no power to challenge this or protect themselves.”*** – Unite regional Officer, Food Drink and Agriculture (FDA) sector.

Our survey of officers also revealed 80 per cent of officers believe the recent uplift in the NMW/NLW had caused a decrease in premium pay

The latest to IDR (Income Data Research) Viewpoint report which uses a sample of 141 pay awards effective between 1 February and 30 April 2023 covering over 1.5 million workers, found the recent uplift in the National Living Wage (NLW) has also influenced the rising median.

## Pay awards in the three months to the end of April 2023

	Whole economy	Private sector	Manufacturing & production	Private services	Public sector	Not-for-profit
Lower	4.0%	3.8%	4.5%	4.0%	4.8%	5.0%
Median	5.6%	5.8%	5.6%	6.0%	5.0%	5.9%
Upper	7.9%	6.9%	7.2%	8.2%	5.0%	7.0%

Based on 141 pay awards covering 1,585,318 employees in total.

Source: IDR *Viewpoint*, 25 May 2023.

## Pay awards over the last 12 months

Whole economy pay awards in the three months ending at each date, in percent

	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23
Lower quartile	3.0	3.0	3.0	3.2r	3.2r	2.9r	2.5	3.8r	4.0	4.0	4.7
Median	4.0	4.0	4.0	4.0	4.4r	5.0	4.8r	5.0	5.0	5.0	5.6
Upper quartile	5.1	5.1r	5.0	5.1r	6.1r	7.0	7.0	7.0r	7.0	6.8	7.0
Average	4.2	4.3	4.3	4.6	4.9	5.1	5.1	5.6r	5.7	5.6	6.1
Total*	303r	83r	83r	79r	67r	60r	50r	115r	108	118	141

\* Total no. of pay awards recorded in 3-month period, r = revised.

Source: IDR *Pay Climate* quarterly report, Issue 33, June 2023.

In Food Drink and Agriculture where Unite negotiates pay settlements with Agricultural Wages Board in Scotland and Wales, there has been an 8.5 per cent rise to all grades (from 1 April 2023). Here, where NMW or NLW is higher than the minimum hourly rate, the NMW or the NLW will apply, and the accommodation offset rises by 8.5 per cent to £51.27per week.

The latest data from independent pay analysts XpertHR shows that the median basic pay award in the three months to the end of May 2023 was 6 per cent, unchanged for the fifth consecutive rolling quarter. The data includes awards from April 2023, the busiest month of the year for pay reviews<sup>10</sup>. Over three-quarters (77.2 per cent) of settlements in a matched sample were higher compared with last year. Despite pay settlements standing strong at 6 per cent, a level not observed since 1991, high rates of inflation mean employees are experiencing a decrease in real-terms pay<sup>11</sup>.

### Latest rolling quarter findings:

Based on the outcome of 228 pay awards with effective dates between 1 March and 31 May 2023, covering nearly 400,000 employees, XpertHR also found<sup>12</sup>:

- **5 per cent is the most common deal.** Approximately one-quarter (24.5 per cent) of awards were at 5 per cent, which continues to be the value of the highest proportion of deals.

<sup>10</sup> XpertHR, press release, 21 June 2023. [Link](#).

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

- **Few pay freezes.** Just seven settlements were reported to be pay freezes, representing only 3.1 per cent of all deals collected in the three months to the end of May.
- **Minority of deals aligning with the living wage rate.** Approximately 7 per cent of all pay settlements reported aligning the settlements to meet the living wage rate (either national or real living wage).
- **Proportion of higher deals increases.** Analysis of a matched sample of pay awards, where details of awards for the same employee group last year had also been provided, has found that the proportion of deals that are higher than last year is up compared to last month. For the three months to the end of May, 77.2 per cent of deals were higher than last year’s awards.

XpertHR commented: *“This month’s data includes pay awards from April, the busiest month of the year for pay reviews however awards remain the same, holding at 6%. Although inflation is beginning to fall as we enter the second half of this year, it still lies far ahead of pay rises, meaning employees will remain grappling with the effects of a real-terms pay cut”*<sup>13</sup>.

## Profits

Unite has found evidence of many firms across different sectors in Britain benefiting from the cost-of-living crisis, our research has revealed corporate profits are largely derived from “price gouging” – where businesses hike their prices above supply costs, while refusing to increase wages, and this is helping to drive ‘second round’ inflation<sup>14</sup>. The latest Unite Investigates report which analyses the latest available company figures and ONS data<sup>15</sup>, found that *“company profits are responsible for almost 57 per cent of overall inflation”*<sup>16</sup>. Our analysis concludes that the cost-of-living crisis is to a great extent a profiteering crisis where wages, and what they can buy, are being squeezed by companies pursuing runaway profits<sup>17</sup>.

Evidence shows that an RPI+ increase to the NLW is affordable for companies. The most recent data (first estimate for Q1 2023) show Gross Operating Surplus growing far more quickly than labour income. Unite compared company profits from last which were up over 23 per cent, with a total rise in employee compensation of just over 5 per cent<sup>18</sup>. When looking at the FTSE 350, profit margins increased by 89 per cent in the first half of 2022 compared to the first half of 2019<sup>19</sup>. This means companies can afford to cover the costs of an RPI+ increase in the NLW from their increased profits.

Unite research has shown that companies have been price-gouging by raising prices beyond the increase in their costs, which has put pressure on inflation.<sup>i</sup> The evidence does not suggest that current inflation has been driven by a wage-price spiral as real wages have been falling. This context means companies can afford to pay for RPI+ without the need to pass on costs to consumers or reduce employment.

<sup>13</sup> XpertHR, press release, 21 June 2023. [Link](#).

<sup>14</sup> Unite Investigates: *Corporate profiteering and the cost of living crisis*. June 2022. Link: [Link](#).

<sup>15</sup> ONS: Consumer Price Inflation Tables December 2022, table 45, [Link](#).

<sup>16</sup> Unite the Union Investigates: *Profiteering across the economy—it’s systemic*. March 2023. [Link](#)

<sup>17</sup> Ibid

<sup>18</sup> ONS: GDP – data tables. 12<sup>th</sup> May 2023. [Link](#).

<sup>19</sup> Unite the Union Investigates: *Profiteering across the economy—it’s systemic*. March 2023. [Link](#)

## Progression and job moves

In Unite's experience of organising workers who work in typically low paying sectors such as hospitality, food production and warehousing, that these sectors do not offer its employees much scope for pay progression. It remains the case that employees in the accommodation sector barely earn more in their thirties and forties than they do in their twenties.

## Training

Unite continues to raise concerns over the lack of progression available to low paid workers, including a high proportion of women and black and Asian ethnic minorities, particularly those in hospitality and outsourced cleaning, catering and facilities jobs. Unite reps and officers in these sectors are challenging the lack of training and progression for workers in low pay that has been enabled by two-tier and even multi-tier systems where agency and contract workers have been working for an economic employer for a number of years without any training or progression. In our survey of officers, the lack of training and progression of workers in low paid jobs came up frequently as a matter of concern<sup>20</sup>.

### **Q: To what extent has the NLW affected different groups of workers, particularly those with protected characteristics (for example women, ethnic minorities and those with disabilities) and migrant workers?**

#### Women

As per our 2022 submission to the LPC, we continue to see the benefits of having more women in employment are being outweighed by the poor quality and low pay of the jobs they largely occupy. Indeed, according to 2018 comparative study between the UK and Ireland by the Institute of Labour Economics which looked at the impact of NMW on the gender pay gap, a "*significant reduction of the gender gap at low wages is observed after the introduction of the minimum wage in Ireland while there is hardly any change in the UK*" which it found attributable to gender differences in non-compliance with the minimum wage legislation in the UK<sup>21</sup>.

Women continue to face higher levels of insecurity at work and are therefore less able to assert their rights at work, and experience poorer terms and conditions generally<sup>22</sup>. These are workers who have regularly been denigrated as 'low skilled' and who are told they need to '*work their way out of poverty*' yet are the ones that society is most reliant upon. This should provide a wake-up call and a recalibration of the jobs we value as a society to ensure that all workers are treated with dignity, respect, security and receive a secure and real living wage.

***"The cost of living crisis, low pay and insecure work impacts greatest on women. Stress and anxiety, skipping meals, not turning on heating, unaffordable rent/mortgage increases, food prices. All these additional stresses impact on women asserting their rights at work."***

– Unite regional officer – Hospitality sector

Unite continues to hear from women members across our low paying sectors about the distinct lack of training provision and job progression and how they are feeling trapped in poverty wages.

Unite remains concerned about the high levels of sex discrimination and sexual harassment being reported in the hospitality sector where Unite research has found a disproportionate prevalence of

---

<sup>20</sup> Unite survey of Officers on NMW/NLW rate for 2024.

<sup>21</sup> IZA Institute of Labour Economics: *Minimum Wages and the Gender Gap in Pay: New Evidence from the UK and Ireland*. IZA DP No. 11502. April 2018. [Link](#)

<sup>22</sup> Unite response to the Women's & Equality enquiry. June 2020

sexual harassment and gender-based violence experienced by women working in the hospitality sector<sup>23</sup>. Additionally, Unite officers have raised such as;

***“Fundamentally, sexism is embedded in pay rates, hours of work, inflexible working demands by employers, employers who simply do not understand essential legal requirements and as with disabled workers, women are more likely to experience work sexist discrimination [at work] both direct and indirect than take the risk of challenging it - or they leave - facing serious financial insecurity which affects their families. Rural areas in particular have lower wages, inflexible work, and insecure seasonal work, creating cycles of poverty, which is why discrimination is tolerated where it should not be.”*** – Unite regional officer – FDA sector

#### Summary and recommendations:

- Unite is calling for a £15 per hour rate of the NMW, a ban on zero hour contracts, an end for one-sided flexibility, better training and progression in low paying jobs and the continued monitoring of the gender pay gap.
- The report from Landman Economics cited throughout this response, and submitted in full to last year’s evidence to the LPC, found that an increase to £15 per hour would greatly benefit women and have a greater distributional impact in households with female workers and increase their earning potential to save more and invest money in training and progression which in turn would allow them greater competitiveness in the labour market<sup>24</sup>.

#### Black and Asian Ethnic Minorities (BAEM)

Black and Asian Ethnic Minority workers are also over-represented in the low paid and under-valued occupations, a 2020 TUC report identified this is due to systemic racism faced by BAEM at work<sup>25</sup>. The report also reveals 3.9 million BAEM working people in the UK are far more likely to be in precarious jobs than white workers<sup>26</sup>.

#### The equality pay gap

In relation to the equality pay gap data from the ONS shows that on average BAEM employees earn 3.8 per cent less than white workers with Pakistani and Bangladeshi workers having the highest gap<sup>27</sup>. Unite believes the pay gap for Black and Asian ethnic minority (BAEM) workers is a direct result of discrimination which places barriers for BAEM workers to enter the labour market and progress in the workplace. Main barriers are unfair pay, job segregation, unfair recruitment and selection, lack of progression and location. In 2018 it was estimated that the cost of race pay penalty amounts to £3.2 billion per year, a staggering amount of lost pay across the economy<sup>28</sup>.

Unite has been challenging this inequality and has ensured employers in organised workplaces fulfil their responsibilities. We have been calling for mandatory reporting of BAEM workers’ pay gap, for all

---

<sup>23</sup> Unite: Not on the Menu survey 2021.; [Link](#).

<sup>24</sup> Landman Economics Report; *The economic impact of increasing the National Minimum Wage and National Living Wage to £15 per hour*. June 2022.

<sup>25</sup> TUC: *Dying on the job Racism and risk at work*. July 2020. [Link](#).

<sup>26</sup> Ibid.

<sup>27</sup> ONS: Ethnicity pay gaps: 2019. [Link](#).

<sup>28</sup> Resolution Foundation: *The £3.2bn pay penalty facing black and ethnic minority workers*. December 2018. [Link](#).

employers with more than 50 employees to prevent and tackle this. It is important to ensure small employers publish their data and take action as they employ the biggest part of the workforce. Small and medium-sized businesses account for 99.9 per cent of the private sector<sup>29</sup>. A unite regional officer in the FDA sector has told us;

***“Racism remains fundamentally present in the areas in our region that are rurally more isolated - all aspects for employment, from recruitment,, to absence of parity or equity in contracts, pay, substantive contracts, sick pay, access to statutory leave etc resulting in structural inequity.”*** – Unite regional officer – FDA sector

Unite has developed a “Race Forward” campaign for tackling race discrimination in the workplace, which is overseen by Unite’s BAEM structures. It sets out clear practical action needed in ALL workplaces, including:

- Close the ethnic minority employment gap;
- Tackle the pay gap for black workers;
- Fight for equality of opportunity in promotion;
- Deal effectively with racial harassment, discrimination and bullying;
- Promote fairness for Black women workers;
- Negotiate for Union Equality representatives;
- Ensure fair treatment of migrant workers;
- Organise and recruit BAEM workers into the union;
- What to do if the employer will not monitor or conduct an audit.

### Insecure work

The experience of insecure work differs between different ethnic groups, but the overall pattern is one in which BAEM workers are significantly disadvantaged resulting in many living on the margins of the labour market<sup>30</sup>. Recent TUC analysis found that nearly one in six (15.7 per cent) of BAEM men and 12.4 per cent of BAEM women are likely to be in insecure work<sup>31</sup>.

Unite is alarmed by this TUC analysis which reports BAEM women are around twice as likely as white workers to be employed in insecure jobs with many of these roles being in vital front-line services like health and social care<sup>32</sup>. Furthermore, the analysis highlights that BAEM workers continue to experience high levels of unemployment, which was exacerbated during the pandemic, particularly for BAEM young workers for whom unemployment increased by more than twice as fast as the rate for young white workers<sup>33</sup>. BAEM workers are not only disadvantaged in terms of the quantity of work they have access to, but also the quality of jobs. When in employment, one in three BAEM workers in insecure work had asked for a fixed-hours contract but only one in three of those were successful<sup>34</sup>.

---

<sup>29</sup> Business population estimates for the UK and regions [Link](#).

<sup>30</sup> TUC: *Jobs and recovery monitor - Insecure work*. July 2021. [Link](#).

<sup>31</sup> TUC: *Insecure work Special edition of the TUC’s Jobs and recovery monitor*. July 2021. [Link](#).

<sup>32</sup> TUC equality briefing : BME women and work. October 2020. [Link](#).

<sup>33</sup> TUC: *Insecure work Special edition of the TUC’s Jobs and recovery monitor*. July 2021. [Link](#).

<sup>34</sup> Ibid.

Another Unite regional officer in the FDA sector told us:

***“Workers from black, Asian, mixed race and minority ethnic backgrounds earn 16 per cent less compared to their white comrades. Most don't say anything as they are just grateful they have a job and don't want to rock the boat. There is a lot of insecurity in their jobs.”*** – Unite regional officer  
– FDA sector

Unite has been calling on the government to put an end to the current two-tier workforce and reform the rules on employment. Unite supports a new universal status of ‘worker’ to replace the current definitions which make workers who are not ‘employees’ eligible for fewer rights than ‘employees’. The onus should be on employers to prove a contractor is self-employed, rather than workers having to prove they are not self-employed.

Unite calls on the Government to outlaw zero-hours contracts and tackle the exploitation faced by all workers, and particularly BAEM workers in non-permanent work, by taking action to create decent jobs and stop the growth of insecure working that is consigning millions to in-work poverty and exploitation.

#### In work poverty

The 2023 Joseph Rowntree (JRF) UK Poverty report discusses ethnicity and poverty and as in previous years black, Asian and ethnic minorities (BAEM) continue to be more likely, than their white counterparts to experience higher rates of in-work poverty and child poverty, the rate is significantly higher of people in households headed by people who are Pakistani or Black wherein 4 in 10 Pakistani suffer twice the rate of in-work poverty compared to people in households headed by someone of white ethnicity<sup>35</sup>.

According to statistical data highlighted in the JRF report, BAEM households have higher in-work poverty and higher child poverty rates because many BAEM workers, particularly Pakistani and Bangladeshi workers, are more likely to have the types of jobs (elementary jobs, service sector and or process and plants and machine operative jobs) and working patterns (precarious jobs) that are associated with in-work poverty<sup>36</sup>.

The Unite commissioned Landman Economic report argues that a £15 per hour NMW/NLW increase would reduce ethnic inequalities in gross earnings, this rate would be distributionally progressive for BAEM households, more so than for white households, with especially large gains in the bottom half of the income distributions<sup>37</sup>.

#### **Unite will continue to call for:**

- Mandatory reporting of the pay gap for BAEM workers including pay audits which are regularly conducted, and the findings made available, with a requirement that they are reviewed and monitored to address any disparities. Also, a standard method of calculating the data including employers in the supply chain. Trade unions must be fully consulted and involved throughout the process of reporting the pay gap for BAEM workers.

---

<sup>35</sup> JRF: UK Poverty 2023; *The essential guide to understanding poverty in the UK*. 26<sup>th</sup> January 2023. [Link](#).

<sup>36</sup> Ibid.

<sup>37</sup> Landman Economics: *The economic impact of increasing the National Minimum Wage and National Living Wage to £15 per hour*. June 2022

- Mandatory equality audits and equality impact assessments to ensure that discrimination and barriers that contribute to the pay gaps can be identified and agreed action implemented and monitored.
- Private and public sector employers to establish BAEM monitoring systems.
- An authority to enforce reporting of BAEM workers' pay gap and action plans as well as monitoring. There should be effective and meaningful sanctions for employers who have practices that encourage or lead to race discrimination and those who do not comply. EHRC should be given powers to issue fines to those who fail to comply with a notice and it should be provided with adequate funding to carry out these duties.
- A real living wage and an end to casualisation, zero-hours contracts, precarious work, and long hours' culture which impact on the BAEM pay gap.
- Strong collective bargaining. Evidence has shown that workplaces with a recognised trade union and collective bargaining have lower pay gaps, more pay transparency and fairer practices regarding pay, terms and conditions. Government and employers should recognise that collective bargaining is an effective route to narrowing the pay gap for BAEM workers in all workplaces.
- Statutory rights for union equality reps, including specific requirements on race equality and action to support the progression of black and Asian ethnic minority people at work.

#### Disabled workers and low pay

Unite remains concerned over the latest ONS figures disability pay gaps in the UK which reveal disabled workers earn on average £1.93 per hour less than non-disabled employees<sup>38</sup>. This is of added concern when you consider the latest JRF UK Poverty report (2023) identifies significant barriers to accessing work for disabled people, these include childcare costs, accessibility issues and working patterns as well as regional inequalities in the availability of work and access to transport<sup>39</sup>. The poverty rate for disabled people is 29%, some 9 percentage points above those who are not disabled. The difference is particularly stark for working-age adults: disabled working-age adults are almost twice as likely to live in poverty compared with those who are not (35% and 18% respectively). As with last year, this year's JRF report continues to record higher poverty for disabled people in comparison to non disabled people (the rate being 29 per cent which is 9 percentage points above those who are not disabled) with a greater difference for working-age adults whereby disabled working-age adults are almost twice as likely to live in poverty compared with those who are not (35 per cent and 18 per cent respectively)<sup>40</sup>.

---

<sup>38</sup> ONS: *Disability pay gaps in the UK: 2021*. Link; <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/disability/articles/disabilitypaygapsintheuk/2021>

<sup>39</sup> JRF UK Poverty Report 2023: *The essential guide to understanding poverty in the UK*. 26<sup>th</sup> January 2023. [Link](#).

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.



While it acknowledges an increase in employment for disabled workers recording it at the highest level in the last 20 years, the JRF report continues to highlight a widening poverty gap between disabled and non-disabled people and alerts that work, which is largely precarious for this group of workers, is insufficient to lift disabled workers out of poverty<sup>41</sup>.

***“Many disabled workers are part time workers and suffer a lot to make ends meet. They mainly don't say anything as they feel it will be hard for them to find another job that will be as accommodating.”***

– Unite regional officer – FDA sector

Unite represents many disabled workers in workplaces throughout industry and **opposes discrimination against disabled people and supports practical action for disability equality.**

**Unite supports the calls from the TUC report on disabled workers for the government to deliver<sup>42</sup>;**

- *An emergency budget to boost pay, pensions and universal credit, and cut energy bills through a windfall tax on energy company profits.*
- *Mandatory disability pay gap reporting for all employers with more than 50 employees. This should be accompanied by a duty on bosses to produce targeted action plans identifying the steps they will take to address any gaps identified.*
- *Enforcement of reasonable adjustments: The Equality and Human Rights Commission (EHRC) should get specific funding to enforce disabled workers' rights to reasonable adjustments and should update their statutory code of practice to include more examples of reasonable adjustments, to help disabled workers get the adjustments they need quickly and effectively. This will help lawyers, advisers, union reps and human resources departments apply the law properly.*

**Q: At what level should the NLW be set from April 2024? Our current central projection for the on-course rate is £11.16 within a range of £10.90 and £11.43.**

Unite commend the LPC on recommending a 9.7 per cent increase for 2023. However it is also our view that the LPC needs to ensure the Government achieves its minimum wage target by 2024. We note the findings of the Landman Economics report which states that in order *“to maintain the real value of the NMW in future years, a new target level of median hourly pay (replacing the existing target of reaching two-thirds of median hourly pay by 2024) looks reasonable. This would imply that the NMW should be around 50 per cent higher than its current long-term target level”*<sup>43</sup>.

Unite strongly believes the LPC can be bolder in its recommendation and reset the course for a significant increase to the minimum wage to restore its value and lift the lowest paid out of in work poverty.

---

<sup>41</sup> Ibid.

<sup>42</sup> TUC – *disabled workers face “living standards emergency”*. April 2022. Link; <https://www.tuc.org.uk/news/tuc-disabled-workers-face-living-standards-emergency>.

<sup>43</sup> Ibid page 5.

Last year Unite commissioned independent research from Landman Economics to analyse the economic impact of a bolder increase of the NMW/NLW. Howard Reed from Landman Economics also joined us in giving oral evidence to the Low Pay Commission.

The report from Landman Economics found that a £15 per hour increase to NMW/NLW as soon as possible would be distributionally progressive without impacting on jobs and the wider economy. Furthermore, this increase would significantly benefit women, BAEM, young and migrant workers as well as those in temporary jobs where it would have a greater distributional impact across these households. Increasing the earning potential of these people would enable them to save more and invest money in training and progression which in turn would allow them greater competitiveness in the labour market.

In recent discussions with Howard Reed at Landman Economics he has confirmed that this analysis still holds and that there is still a powerful economic case for an increase in the National Living Wage to £15 per hour as soon as possible. In fact, he thought that an immediate increase to £15 per hour is a good idea given the last 18 months of high inflation.

Unite strongly believe the lowest paid workers should not suffer the burden of the current economic crisis, it is our firm view that workers should not be paid less than the minimum rate needed for them and their families to avoid a life of hardship. **Unite believe the NLW/NMW should increase to £15 an hour now.** The rates are distributionally progressive and would benefit the economy as well as improving the living standards of low paid workers. These rates are crucial to economic recovery and the increase would also improve worker productivity and reduce employee turnover and absenteeism<sup>44</sup>. This would improve the public finances and has the potential to create jobs through stimulating the economy.

#### **The Landman Economics report found:**

- An immediate increase in the National Minimum Wage to £15 per hour would result in an average gain in net income per worker of over £3,600 per year for around 13 million workers aged 23 and over;
- A £15 per hour NLW would improve public finances by around £19.3 billion (receipts minus expenditure) if applied only to those aged 23 and over only, if this is extended to 18-22 year olds public finances would improve by an additional £3.5 billion;
- £15 per hour (minimum wage rate) would increase the net incomes for low-paid workers by around £47.3 billion, if the increase applies only to individuals aged 23 and over. If extended to employees aged 18 to 22, net incomes for low-paid workers would increase by an additional £8.8 billion, resulting in a total increase of net income of £56.1 billion across all age groups;
- Extending this rate (£15 per hour) to workers aged 18 to 22 would cover an additional £1.7 million workers;
- While the effects of this rate will be progressive for all workers, the report drills down on the impact for low paid workers across protected characteristics (women and men), finding that at the rate of £13 per hour women workers' net income increases by around £24.5 billion, an increase in net income for male workers of just under £23 billion. Thus increasing the minimum wage to either £13 or £15 would significantly reduce the gender pay gap<sup>45</sup>. The report also identifies a reduction in ethnic inequalities in gross earnings

---

<sup>44</sup> Landman Economics: *The economic impact of increasing the National Minimum Wage and National Living Wage to £15 per hour*. June 2022

<sup>45</sup> See table 2 of the appended Landman Economics report. [Link](#).

from the increase totalling 14 per cent of gross earnings for BAEM workers<sup>46</sup>. Migrant worker wages would be boosted by around £17.4 billion where a £15 rate is applied<sup>47</sup>;

- The distributional effect of increasing the NLW/NMW to £15 per hour would be more progressive than the effect of income tax and National Insurance contributions;
- In relation to the impact on profits, while this rate cause a relatively minor reduction in profits for shareholders, there would be a considerable time lag between the dividends being paid and the accumulated pension funds being used by the relevant policyholder to purchase an annuity. Additionally a substantial proportion of UK company shares are held by institutions or individuals who are not based in the UK, therefore the report finds the short-run impact of reduced profits on consumer demand would be zero.
- Existing evidence suggests the employment effects of increasing the NLW to £15 per hour are unlikely to be negative and rather by incorporating multiplier and stimulus effects the overall effects on employment could well be positive.

### 3. Experience of low-paid workers

**Q: What has happened to quality of work recently? For example, have workers experienced changes in contract types, flexibility, workplace harassment and work intensification (e.g. greater expectations for workers to work more flexibly, with greater effort, to a higher standard etc).**

Despite the rates for 2023 NMW/NLW uplift being the largest increase since it was introduced in 2016, there are concerns for the quality of work for those earning the NMW/NLW. Unite officers representing workers in low-pay/minimum wage jobs have reported an increase of bogus self-employment being tried by many employers. Work intensification is also an issue commonly cited by our officers with some reporting that with each increase (in NMW/NLW) they are seeing less staff being recruited leading to additional pressures at work for existing workers.

***“Bogus self-employment is being tried by many employers. With each increase [in NMW] less staff are recruited leading to additional pressures at work i.e. more work being undertaken by the smaller workforce.”*** – Unite regional officer – FDA sector

***“Workers across all grades and industries are being put under more pressure to work more additional hours. Roles that have been traditional day shifts are being changed to longer shifts with split unpaid breaks or we are seeing more 24 hour 7 days a week 3 shift patterns being introduced to cover those industries that have traditionally worked weekdays and normal daytime 8 to 4, 9 to 5 hours.”*** – Unite regional officer

Initial analysis of our LPC survey suggests that as a consequence of the uplift, some employers are restricting the pay for other differentials and attacking the quality of work for NMW/NLW workers. Unite welcomes the increase but we are also concerned that bad employers are using this to claw back other worker’s terms and conditions and increasing insecure work contracts. The lowest paid workers in our economy are being unfairly burdened by bad bosses.

---

<sup>46</sup> See table 4 of the appended Landman Economics report [Link](#).

<sup>47</sup> See table 5 of the appended Landman Economics report. [Link](#).

Unite firmly believes this should not hinder a more ambitious recommendation from the LPC for £15 per hour NMW/NLW for 2024.

Unite repeats its call for a ban on zero hours contracts in order to prevent employers from undermining the benefits of uplifting pay for the lowest pay workers by trapping this group, who are often the most marginalised groups in our society, who are in insecure work with little prospect of progression.

**Q: What has been workers' experience of the wider benefits available to workers (including premium pay and non-pay benefits across the workforce)?**

Initial analysis of Unite's survey of officers which interrogates their experiences of supporting workers who earn the NLW/NMW reveals mixed outcomes in relation to the impact of the recent NMW/NLW increase on premium pay and non-pay benefits.

According to the survey results, many officers are seeing a decrease in premium pay, however a high proportion of officers who responded to the survey, also believe the uplift in NMW/NLW has not affected premium pay. With respect to non-pay related benefits, a significant minority believe the uplift has increased non-pay related benefits, while almost half of the officers stated the uplift has effected a decrease in non-pay related benefits.

This suggests a subjective reaction among employers which may be linked to labour shortages. Unite is aware post Brexit and post Covid labour shortages have had a significant impact in the hospitality, food production, road transport, warehousing, distribution and agricultural sectors, driving up pay while creating challenges for working conditions. Last year Unite received information that a company in the food production sector, responding to labour and skills shortages, introduced bonus and company sick pay and agreed to an above inflation pay offer, this was exceptional for this particular company. In addition to this the company also introduced generous signing on bonuses of up to £1000 for each new worker with conditions attached to skill set.

**Q: What are the barriers preventing workers from moving to a new job, particularly one that is better paid?**

With respect to barriers preventing workers from progressing to better paid jobs, our survey identifies several factors. These include, access and cost of childcare (**83.3 per cent**); lack of accessible public transport (**55.6 per cent**); Universal Credit affecting how much people can earn and how many hours they can work (**88.9 per cent**) lack of progression or promotion opportunities in low-paid jobs (**83.3 per cent**).

To quote a Unite regional officer in the hospitality sector;

***"Minimum wage has now become an actual maximum wage for many, with this I have noticed an apathy among low paid workers that this is their 'lot' so to speak, no chance of progression or development will keep them at this level throughout life."*** – Unite regional officer – Hospitality sector

**Q: How has the rising cost of living affected workers on or close to the NMW and NLW and how, if at all, has this affected worker needs and expectations from their employment and pay?**

Low paid workers are increasingly unable to afford to pay bills. This is resulting in these workers putting up with poor terms and conditions at work in order to maintain an income. If they are in a low paid job but have agreed hours and over two years' service, they are more likely stay in the job rather than risk moving to insecure work with zero hours and no employment rights.

***“Members having to increase hours/work longer, where they can, to pay bills, heat homes and feed their families. Childcare and affordable childcare is a particular issue, predominantly for female workers.”*** – Unite regional officer – FDA sector

***“There are limited opportunities and huge of cost-of-living issues within the South West, and Cornwall is in a particularly difficult situation with 25% of those working full time in some form of difficulties relying on additional support such as multiple jobs and food banks.”*** – Unite regional officer – Hospitality sector

## 4. Young people

**Q: What has been the effect of changes in the minimum wages for young people on their employment prospects?**

Unite maintains its opposition to age rates in the NMW, which we firmly believe has had a systemically negative impact on young people both in terms of their living standards and their right to equal treatment. In Unite's experience in the hospitality sector the effect of age differentials in NMW has seen employers moving to recruit younger and less experienced workers so they can pay lower rate of NLW/NMW, where this happens Unite is noticing a reduction in output and increasing pressure on older workers who are having to supervise groups of younger workers.

***It is wholly unacceptable that young workers can be paid less. Many 18 year olds live independently and have the same bills and outgoings as older adults yet they are discriminated against purely because of their age. The government then puts pressure on parents to keep children at home longer and parents are supplementing low wages for young people.”*** – Unite regional officer – Hospitality sector

In those areas where youth rates have been abolished via negotiation there is no evidence that this has led to a decrease in employment. Many companies are prepared to abolish youth rates because it aids recruitment, retention, motivation and productivity. Where Unite is organised, part of our bargaining strategy is for the abolition of youth rates where they apply.

**Q: How do the youth minimum wage rates influence employers' decisions about hiring and young people's decisions about employment?**

Unite continues to see examples of employers in the hospitality sector, targeting workers in the adult rate of NMW for redundancy. Unite can only assume this is with the intention to reduce wage bills.

***“Retail are keen to recruit this age group for temporary positions as they are cheaper”*** - Unite regional officer – Food retail sector

Unite is also aware of many cases where younger workers who have worked for the same employer for a number of years on a younger wage rate being progressed to a supervisory role but on the age rate of NMW, for example a worker turns 21 and suddenly is promoted to a supervisor given additional duties and a pay uplift at the NMW rate for 21-22 year olds.

**Q: To meet the Government’s 2024 target the NLW age threshold would be lowered to 21 in 2024. What impacts do you think this would have, including on employment?**

Primarily, Unite opposes minimum wage age differentials and we would like to see a flat rate of NLW/NMW for all workers to earn equal pay for work of equal value. Thus, Unite continues to call for an end to the unfair age rates in the NMW/NLW.

Unite commends the LPC for its recommendation to lower the age threshold to 21 in 2024. Unite would like to see a more ambitious approach for the NLW. Extending the NLW to younger workers lowers the nominal value of the NLW. This is because younger workers have lower average pay. This scenario implies lower pay for workers aged 23+ and lower overall costs for employers than would otherwise be the case, albeit it raises pay for younger workers.

Unite understands extending the NLW to younger workers has implications for both workers and employers but accepts these ‘trade-offs’ solely in the context of a rising target.

**Q: At what level should these rates be set from April 2024?**

Unite continues to hear of the experiences of our low paid younger workers who work excessively long hours to make enough to ‘get by’. Paying workers substantially less for the exact same job based entirely on their age is neither fair nor justifiable. Recent data from Understanding Society shows being young and on low incomes were significant predictors of food insecurity<sup>48</sup>.

Unite maintains that the LPC can be bolder. As per the findings in the Landman Economics report (cited throughout this submission), Unite is confident that increasing the NMW to £15 per hour for workers aged between 18 and 22 would result in an increase in gross wages of almost £12.4 billion in total. The estimated improvement in the public finances from increasing the NMW to £15 per hour for these younger workers is just over £3.5 billion at £15 per hour.

Increasing the NLW and NMW to £15 per hour is a progressive policy in distributional terms, with the largest percentage increases in net household income for households in the poorest decile, especially households with low-paid workers aged under 23.

---

<sup>48</sup> Bramley et al 2021 cited in JRF: UK Poverty report 2022. Link <https://www.jrf.org.uk/report/uk-poverty-2022>

## 5. Minimum wages after 2024

**Since 2020, our remit for the NLW has been to recommend a rate consistent with reaching the target of two-thirds of median hourly earnings by 2024. We are now gathering evidence to inform the Government's decisions on policy options for the future beyond 2024. We are seeking evidence and views on:**

### **Q: The purpose of the NMW and NLW.**

Unite recognises the positive role of the level of the NMW in addressing pay inequality. However, as discussed throughout this submission, we believe that in order to tackle inequality and in work poverty, the NMW/NLW should be set at a rate of £15 per hour for workers 18 and over.

### **Q: The role of the Low Pay Commission.**

Unite strongly supports the role of the Low Pay Commission's in advising the Government on the rate of the National Minimum Wage/National Living Wage as well as highlighting issues with enforcement of NMW/NLW.

Unite believes modern wages councils for low paid sectors should be part of the Government's Industrial Strategy (or whatever replaces it following the abolition of the Industrial Strategy Council) and the LPC should have a role in bringing sectors together.

Furthermore, the remit of the LPC should be extended to include a long term role – investigating the causes and consequences of low pay and putting forward ambitious recommendations to reduce wage inequality and insecure working conditions in the bottom half of the wage distribution.

### **Q: The range of policy options and how these might work (for example, a further target; or an approach not driven by targets).**

Unite again repeats its call for the LPC to have its remit widened beyond advising on the rate of the NMW and look at the causes and consequences of low pay and making recommendations to the Government. Areas of investigation should include the impact of the NLW/NMW on closing the gender pay gap and other equality gaps.

We note that the TUC believes a more ambitious approach to the target of 75 per cent is needed for the Low Pay Commission and this must also be accompanied by a government plan for higher wage growth for all workers.

### **Q: The potential effects of further minimum wage increases and risks we should consider.**

Unite believes there is a significant risk of living standards deteriorating if the NMW/NLW is not increased in line with RPI+. The risks to companies are likely to be minimal due to the evidence above on strong profits. Unite research on company accounts shows that companies can comfortably afford RPI+ increases in the NLW without significant risks materialising<sup>49</sup>.

---

<sup>49</sup> Unite the Union: *Unite Investigates: Profiteering across the economy—it's systemic.* March 2023. [Link.](#)

The risks to workers from the NLW being too low to afford a basic standard of living far outweighs the risk that a company may have to slightly reduce its profit margin to cover an RPI+ increase in the NLW.

**Q: The levels and existence of different age-related minimum wages.**

As discussed in the ‘Young people’ section of this submission, Unite is calling for the abolition of age rates in the minimum wage.

**Q: The evidence that should inform future policy decisions.**

Unite believe the evidence that should inform future policy decisions should be collected by the LPC through stakeholder engagement such as has been the case with the LPC consultation with a firm commitment to engage with workers and workers representatives. The areas of investigation should be according to the terms of reference of this year’s and previous year’s of the LPC consultation which looks not only at the economic outlook but also investigates compliance and enforcement issues and the overall experiences of low paid workers, apprentices, young people and workers from protected characterises which are often over represented in low paid occupations.

## 6. Apprentices

**Q: What is the outlook for the recruitment and employment of apprentices?**

Unite is particularly concerned over the skills and labour shortages in the construction sector which has a knock-on effect for the wider economy and the housing crisis. The construction industry needs to be attractive to retain and develop its existing skilled workforce, as well as attract new talent and prospective apprentices in a tight UK labour market.

The latest quarterly engineering services survey for Q1 2023, covering the M&E building services in the engineering sector reports that increasing labour shortages are impacting on business performance, with almost half (42 per cent) of respondents stating that labour shortages were the biggest concern for their businesses<sup>50</sup>.

With the funding resources of the ESFA (Education and Skills Funding Agency) in England under the UK Government, the Welsh Government, and the apprenticeship levy accessible to the industry, rapid action needs to be taken to address levels of undertraining and lower than required apprenticeship intake within the industry as a matter of urgency.

The CITB’s 2023-2027 Construction Skills Network (CSN) report, identifies an ARR (Annual Recruitment Rate) of 1,250 people per annum, the ARR representing additional numbers required over and above the normal “churn” (i.e. it does not include the normal inflow and outflow of workers, including for instance those retiring, leaving, and those coming into the industry, including via apprenticeships)<sup>51</sup>.

---

<sup>50</sup> ECA: *Impact of labour shortages worsen for engineering services*. 22 May 2023. [Link](#).

<sup>51</sup> CITB: *CSN Industry Outlook - 2023-2027*. 18<sup>th</sup> January 2023. [Link](#).



In comparison, May 2022 figures for England from the Department for Education show that for the 2021-22 academic year, approximately 3,780 apprentices commenced the Plumbing and Domestic Heating Technician advanced Apprenticeship Standard, and for 2022-23, latest available figures showed a further 2,400 starts<sup>52</sup>. Whilst these figures show that in all construction occupations, apprentice plumber recruitment figures are near the top of the table, it is apparent that there are still too few apprentices being recruited and trained to meet current and emerging skills shortages.

The labour market intelligence clearly shows us we need immediate action to increase training more of apprentices. Unite is on several Construction Leadership Council (CLC) groups and has campaigned to ensure that the skills plan adopted by CLC addresses solving skills needs, shortages and gaps through high-quality training, apprenticeships.

Unite submitted a response to the ILO regarding a global framework for quality apprenticeships. The union is campaigning for a framework delivering high quality apprenticeships and traineeships across all sectors of the economy. [Unite call for robust intervention in procurement to increase the number and quality of apprenticeships.](#)

**Q: How widely used is the Apprentice Rate? What kind of apprenticeships are paid this rate? What kind of jobs do these apprenticeships (paid at the Apprentice Rate) lead to?**

Where Unite has collective bargaining agreements, they supersede the NMW rates for apprentices and we negotiate for progression based pay which rewards apprentices for advancing providing an opportunity for apprentices to start earning significant sums.

For example, a first year plumbing apprentice who earns £6.75 per hour will go up to £10.76 (or £13.50) with Level 3 diploma<sup>53</sup>. Similarly, an apprentice electrician on national standard rates at stage 1 starts at £5.59 rising to £12.15 at the final stage in addition to benefits and allowances (travel allowances)<sup>54</sup>. Electricians' apprenticeships set rates according to progression rather than age. Adult trainee electricians for those undertaking the apprentice route will commence on £13.10 rising to £15.51 in their final year of training (with own transport)<sup>55</sup>.

**Q: The Apprentice Rate increases this year to £5.28, the same level as the 16-17 Year Old Rate. What do you expect the effects of this increase to be?**

While that is a step in the right direction for a 16-17 year old apprenticeship, it is absurd that such poverty wages are being offered because there is no age restriction on apprenticeship entry levels so technically you can have a mature apprentice with family responsibilities who has gone into an apprenticeship earning £5.28. Considering the very low rate of pay, Unite doubts the increase has had any significant impact, particularly under the current economic conditions where we are experiencing a cost of living crisis.

---

<sup>52</sup> Department for Education: *Academic year 2022/23. Apprenticeships and traineeships.* 8<sup>th</sup> June 2023. [Link.](#)

<sup>53</sup> Joint Industry Board for Plumbing, mechanical and engineering services in England and Wales (JIB-EMES): National working rule agreement. 2022-20223

<sup>54</sup> JIB for electrical contracting industry: National standard rates. 3<sup>rd</sup> January 2022

<sup>55</sup> Ibid.

Unite strongly believes the low wages suffered by many apprentices is tantamount to exploitation, and we have raised these concerns in our previous submissions to the LPC. Good employers, who rightly invest in apprenticeships and training and pay a fair wage to their apprentices, are being undercut by unscrupulous bosses who are exploiting the apprenticeship system and failing to pay the statutory minimum.

**Q: What criteria should we use when considering whether to keep or remove the Apprentice Rate?**

Unite believes the apprentice rate should be abolished altogether, £5.28 is not even good enough for a 16 year old let alone an older apprentice.

While Unite welcomes the new apprentice funding rules, which we lobbied for, which requires training providers to monitoring compliance of apprentice wages in England, it appears that the training providers are not being forensic enough because we are still seeing examples of apprentice pay abuse despite these rules being in place.

**Q: What would be the effect of removing the Apprentice Rate (so that minimum wages for all apprentices were the same as for other workers the same age)?**

While apprenticeships can be a positive entry into work and help to address skill shortages across many industries, the current system enables bad employers to deliver poor quality apprenticeships in order to access cheap labour. As such Unite is of the view that all apprenticeship rates should be at least set to the age rates of NLW/NMW with our continued call for abolition of age differentials.

## 7. Compliance and enforcement

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

Unite has put forward a number of proposals in its submissions to the DLME calls for evidence, the Taylor Review, and to previous LPC consultations to improve compliance and enforcement in relation to NMW/NLW.

**Unite notes the interplay between a range of factors behind effective enforcement. These include:**

- Trade union access to unrecognised workplaces;
- Fully resourced and strengthened labour market enforcement bodies, and regular monitoring;
- Labour rights compliance under public procurement rules;
- Statutory collective bargaining across sectors, and the reinstatement of statutory pay-setting for agriculture in England, including the reinstatement of statutory rights to holiday pay and sick pay as under the former Agricultural Wage Boards.

### Supply chains

Fragmentation of employment relationships (outsourcing, franchising, use of labour market intermediaries) has made it even more difficult for many workers to enforce their rights. Workers can struggle to identify their employer due to complex supply chains. Economic employers are using a range of strategies to transfer accountability to other parties, meaning they have little legal responsibility for the people who work for them. **Unite advocates the strengthening of the Modern Slavery Act to include tougher enforcement and accountability in supply chains.**

### Union access

Enforcement of the minimum wage would be greatly improved were trade unions to have access to workplaces. Improved access would allow unions to inform workers of their rights and critically encourage efforts to ensure the enforcement of those rights. Trade union representatives save both time and money by improving workplace relations and enforcing best practice. An important step forward for the role of trade unions would be the reinstatement of trade union representatives on the GLAA Board, amongst other steps.

Unite has long campaigned for fair tips legislation and for this to include a statutory code to provide access to remedy for workers who believe tronc decisions are being unfairly manipulated to the benefit of their employer. Unite welcomes the Employment (Allocation of Tips) Bill which received Royal Assent in May 2023. This promises to put £200 million a year will back into the pockets of hospitality staff, making it unlawful for businesses to hold back service charges from their workers and requiring businesses to fairly allocate the tips between their workers.

This new regulation will require tips to be allocated to staff without any deductions and the distribution between staff must be fair. Employers must have regard to a statutory Code of Practice, which is being developed, when complying with their obligation to allocate tips fairly. As the Code of Practice has not yet been published, the precise requirements of “fair allocation” are currently unknown.

Done correctly this statutory instrument is set to benefit more than **2 million UK workers** across the hospitality, leisure and services sectors. But, as with everything, the devil will be in the detail and as ever trade union access to hospitality workplaces will ensure workers are properly organised and informed to challenge unscrupulous employers who may attempt to thwart the law.

A cursory look at the Round 19 list of employers named and shamed by the Department for Business and Trade for failing to pay their lowest paid staff the minimum wage, reveals most businesses named are in the services sector with a large proportion being Hospitality sector employers<sup>56</sup>. Of the 202 employers named on the list, 39% had deducted pay from workers' wages<sup>57</sup>. Arguably this level of breach is more likely to occur in unorganised workplaces where workers are unlikely to know or feel empowered to challenge employers on pay and conditions.

### The role of the public sector

Unite seeks the return of social care to the public sector and as part of this, the social care workforce to be brought under a national collective bargaining agreement.

---

<sup>56</sup> Department for Business and Trade Press Release: *More than 200 companies named for not paying staff minimum wage*. 21 June 2023. [Link](#).

<sup>57</sup> Ibid.

### Better resourcing of enforcement bodies

We need better funding of the state-led enforcement system. Long-term, sustained funding would allow enforcement bodies to recruit and train proper workplace inspectors, inspect more workplaces, and prosecute unscrupulous employers. Currently the UK has insufficient inspectors; there are roughly 40,000 employment agencies operating in the UK, but we only have 19 EAS inspectors.

---

---